FINANCIAL TIMES

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Argentine shipping line faces a crash diet, Page 25

World News

Agreement on EC air fares threatened

Britain and Spain failed to resolve their dispute over Gibraltar airport which threatens to torpedo a new package on the liberalisation of air fares throughout the European Community.

Britain said a plan to exclude Gibraltar temporarily from the package would leave the colony at the mercy of a Spanish veto in the future. EEC transport ministers were to discuss the issue again today at an emergency meeting in Luxembourg. Page 3

Fiji talks

Fiji's ousted Prime Minister Timoci Bavadra and Governor-General Ratu Sir Penaia Ganilau began talks on the country's political and constitutional crisis but failed to reach immediate results. Page 5

Shipyards dilemma

A key European Commission report on how to help up to 45,000 shipyard workers who are expected to lose their jobs over the next 2½ years hit financial and political snags. Page 2

Presidential runner

Senator Albert Gore, 39, of Tennessee entered the 1988 presidential race, seeking to become the youngest president in US history and pledging to "return the rule of law to the White House." Page 6

Submarine pact

Japan agreed to help the US strengthen anti-submarine defences after illegal high-technology Japanese exports significantly damaged mutual security, US Defence Secretary Caspar Weinberger said. Page 5

Waldheim term

Austrian President Kurt Waldheim sharply rejected a resignation call from the Vienna section of the Socialist Party and asserted he would complete his six-year term.

Network strike

About one third of the staff of the US television network NBC went on strike after the company imposed a new contract, but the broadcaster said programming was not affected because managers stood in for striking producers, reporters, editors and technicians. Page 6

Union chief shot

Greek trade union leader George Raftopoulos was shot and seriously wounded by two unknown gunmen in an Athens suburb. A previously unknown left-wing terrorist group claimed responsibility.

Gurkhas end strike

Militant Gurkhas demanding a separate state in north-east India ended a 13-day protest strike after only nine days when Prime Minister Rajiv Gandhi agreed to meet them.

Nigerian transition

Nigeria's ruling military council will transfer power to an elected civilian government in 1992, two years later than planned, official sources in Lagos said.

MP rearrested

A Bangladesh MP accused of smuggling gold and currency was rearrested only minutes after a judge granted him bail.

Icelandic collapse

A month-long attempt to form a government in Iceland collapsed after three centre-right parties failed in all-night negotiations to agree on how to share cabinet posts.

UFOs sighted

Members of Poland's armed forces have sighted several unidentified flying objects (UFOs), the generally down-to-earth daily army newspaper Zolnierz Wolnosci reported.

Business Summary

Murdoch re-enters Today bid battle

RUPERT MURDOCH, chairman of News International, intervened dramatically in the battle for the ownership of Today with a last minute increased bid for the loss-making UK daily newspaper. The bid came as Robert Maxwell, publisher of Mirror Group Newspapers was finalising details of an agreement to buy the paper. Page 11

BANK OF FRANCE cut two of its key interest rates by 0.25 of a percentage point. The intervention rate was cut to 7.5 per cent and the seven-day repurchase rate was reduced to 8 per cent.

WALL STREET: the Dow Jones industrial average closed up 10.05 at 2446.91. Page 46

DOLLAR closed in New York at DM1.8285, FFr6.1015, SFr1.5205 and Y146.7. Earlier it rose in London to DM 1.8305 (DM 1.8260); to FFr 6.1075 (FFr 6.0925); to SFr 1.5220 (SFr 1.5145); and to Y146.75 (Y146.25). On Bank of England figures the dollar's exchange rate index rose 0.2 to 102.4. Page 35

STERLING fell in London to $1.6010 ($1.6110); to DM 2.9305 (DM 2.9425); to FFr 9.7775 (FFr 9.8150); to SFr 2.4325 (SFr 2.44); and to Y235.00 (Y235.60). On Bank of England figures the pound's exchange rate index fell 0.4 to 71.8. Page 35

GOLD rose $5.25 on the London bullion market to close at $449.25. It also rose in Zurich to $448.75 ($443.75). Page 34

TOKYO: Heavy selling of stocks related to domestic demand drove stocks sharply lower. The Nikkei average fell 393.31 to 24,509.41. Page 46

LONDON: Sterling's weak response to the Opec agreement depressed equities. Gilts also fell. The FT-SE 100 index closed down 2.0 at 2,289.3 and the FT Ordinary index lost 6.1 to 1,784.6. Details Page 42

BHP, Australia's largest company, reported a worse-than-expected 16.7 per cent fall in annual profits on a 7.2 per cent rise in sales. Page 29

BFG, West German bank formerly controlled by the country's trade union movement, saw partial operating profits in 1986 plunge to DM 166m ($89.7m) against DM 311m in 1985. Page 25

BREDERO, financially troubled Dutch contracting and property group, received court protection from its creditors as it disclosed that operations had worsened. Page 25

DAINIPPON INK, Japan's major independent producer of printing ink reported consolidated net profits of Y6.47bn ($44m) in the year to March 1987 – up 54.2 per cent from the previous year. Page 29

AKER NORCEM, Norway's largest privatelly-owned industrial group, posted first four-month period lossses of NKr 23m ($3.4m). Page 28

MARINE CORP of Milwaukee has received a $412.5m merger proposal from Marshll & Ilsley, signalling another combination of two smaller US regional bank holding companies. Page 25

ALLIS-CHALMERS, which in its heyday was one of the most prosperous US heavy machinery makers, filed for protection under Chapter 11 of the US bankruptcy code, underlining the fall from grace of the most famous names in the in the mid-Western "rust belt" industries. Page 25

TEXACO, US oil company fighting for survival, has won a small but important victory in its bid to overturn a $10bn damage judgment that has driven it into bankruptcy. Page 25

LONRHO, international trader, is to make a rare assets disposal by selling its eight British casinos to Brent Walker Group, UK property developer and leisure company for £128m ($205m). Page 25

JAGUAR, UK luxury cars group, will spend £1bn ($1.61bn) over the next six years to improve and expand its factories in Coventry, its chairman Sir H John Egan said. Page 24

Soviet Union may establish specialised banks to boost reform

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION is considering the establishment of a number of specialised banks as part of its economic reforms, Mr Nikolai Ryzhkov, the Soviet Prime Minister, said yesterday.

He told the Supreme Soviet, the Soviet parliament, that the present Soviet banking system was cumbersome and might be replaced by a state bank and five new specialised banks for foreign economic relations, agro-industry, construction, housing and commercial services.

Soviet economists have criticised the present Soviet banking system for financing current account deficits at low cost but not offering long-term credits for investment by enterprises. Mr Ryzhkov said the state was currently owed 40bn roubles ($64bn).

The easy availability of cheap finance has also been blamed for the tendency of ministries and enterprises to start too many construction projects which are only completed after long delays.

Mr Ryzhkov's speech to the Supreme Soviet, a body which rubber-stamps measures put before it, reiterated the programme for economic reform put forward by Mr Mikhail Gorbachev, the Soviet leader, to the Central Committee of the Communist Party last week.

"The methods of the past system of economic management have become obsolete," Mr Ryzhkov said, adding that 13 per cent of Soviet enterprises made a loss last year because of excessive control from the centre and waste of resources.

The reform programme submitted to the Central Committee aims to reduce allocation of resources by the central authorities in Moscow and ultimately force Soviet enterprises to purchase their inputs through wholesale trade financed where necessary by bank credit.

A document outlining the main reforms issued after the Central Committee meeting last week also said: "Special attention should be devoted to raising the purchasing power of the rouble, and to ensuring its stage-by-stage convertibility, first and foremost with the Soviet Union's main trading partners in East European countries." It set no time frame for this.

Editorial comment, Page 22

Soviet leader Mikhail Gorbachev (right) shares a word with party secretary Lev Zarkov (centre) and president Andrei Gromyko

Paris, Bonn strive to break EC summit deadlock

BY QUENTIN PEEL, WILLIAM DAWKINS AND TIM DICKSON IN BRUSSELS

FRANCE and West Germany last night held top-level talks in a bid to break the EC deadlock over farm prices and future financing of the cash strapped Community budget.

First indications were that there was still gloom about prospects for resolving the conflict between the two member states at the heart of the current stalemate over reform of the Common Agricultural Policy. However, a new chance of agreement will come at a further meeting today.

Last night's talks were presided over by President Francois Mitterrand of France and Chancellor Helmut Kohl of West Germany, who will meet again today for talks over breakfast.

Officials believe the outline of a deal could include postponement of any fundamental reform of the complex agrimonetary system which protects German farmers' high prices, and shelving of the controversial plan for a tax on oils and fats, which has threatened to spark off a trade war with the US.

In return, West Germany would lift its threatened veto of the proposed cuts in cereals prices and of strict new limits on guaranteed crop purchases.

Mr Ignaz Kiechle, the West German Agriculture Minister, said however that progress last night could be measured only in millimetres. "You would need a microscope to see it," he said.

Helmut Kohl

The suggested deal was being worked out in the sidelines of yesterday's EC summit meeting in Brussels where the heads of state and government of the 12 member states struggled to resolve their differences on long term financing and expenditure control in the Community.

The Community leaders are divided between the northern member states including Britain France and West Germany; all seeking varying degrees of budgetary discipline, and the southern member states including Italy, Greece and Spain, who want firm commitments to a substantial increase in regional and social spending.

However, what divides the northern member states again is how much money to devote to the Common Agriculture Policy with the UK far the most determined to reduce its budget.

Mrs Margaret Thatcher, the British Prime Minister, yesterday spelt out her determination to see spending brought under enforceable control before she would agree to any increase in national contributions to Brussels.

She made it clear that the British veto on a joint EC research programme - agreed by 11 of the 12 member states - might be lifted if adequate assurances could be obtained on expenditure control.

A Belgian plan stressing above all the need for budget discipline and farm reform ran into immediate attack yesterday from the southern member states, who argue that the commitment to spending in the poorest regions is inadequate.

However, the plan did contain the suggestion of a farm price package excluding both the most controversial agrimonetary reforms and the oils and fat tax which officials now believe could form the basis of a Franco-German compromise.

Speculation rose last night when Mr Jacques Chirac, the French Prime Minister, summoned his Agriculture Minister, Mr Francois Guillaume, to Brussels where a meeting was planned with Chancellor Kohl and Mr Kiechle.

None the less, the differences remain very profound. A spokesman for Mr Chirac yesterday insisted that both the agrimonetary reforms and the oils and fat tax were essential parts of the farm price package.

Mr Jacques Delors, President of the European Commission, said the agrimonetary system which effectively links EC farm prices to the D-mark, the strongest currency, had added an extra Ecu 1.25bn, to this year's farm budget.

Eurofanatics, Page 2

Chicago bank buys into Wood Gundy

By Bernard Simon in Toronto

FIRST NATIONAL Bank of Chicago, the largest bank in the US Midwest, is to broaden its international securities business by buying a 35 per cent interest in Wood Gundy, a pillar of Canada's financial establishment.

The C$270m ($US203m) deal will raise Wood Gundy's shareholder capital to C$400m, making it by far Canada's biggest securities dealer.

Mr Barry Sullivan, chairman of First Chicago Corp, the bank's holding company, said yesterday that the link between the two groups "will enhance our joint capabilities in global capital markets." In particular, First Chicago expects to gain a firmer foothold in Japan through Wood Gundy's existing presence in Tokyo.

The deal was announced on the eve of Canada's so-called Little Bang, which for the first time allows banks and other investors to take a significant equity interest in the securities industry. Foreign institutions are limited to a 50 per cent ceiling until mid-1988.

First Chicago is one of the few foreign entities which has decided to invest in an existing securities dealer. Most others, such as the four leading Japanese securities firms along with Goldman Sachs, Salomon Brothers and SG Warburg, have preferred to set up new subsidiaries in Toronto focusing on institutional business. Earlier, Shearson Lehman Brothers announced that it is to take a 30 per cent interest in McLeod Young Weir, another big Canadian investment dealer.

First Chicago and Gundy said that the transaction would enable them to share expertise and to work together on new business opportunities, including venture capital operations.

Gundy plans immediately to expand its international distribution network and strengthen its office in Tokyo.

Analysis, Page 22.

Roh raises hope for democracy in South Korea

BY MAGGIE FORD IN SEOUL

SOUTH KOREANS yesterday dared to hope that democracy was within their grasp after Mr Roh Tae-Woo, leader of the ruling Democratic Justice Party, unveiled a series of radical proposals for change in accordance with the people's wishes.

The plan, now being considered by the country's ruler, President Chun Doo-Hwan, includes direct presidential elections this year and the restoration of full civil rights for Mr Kim Dae-Jung, the country's leading opposition politician. It also promises genuine protection of human rights and a free press, local autonomy and guaranteed freedom of political activity, along with education reform and an attack on corruption.

Mr Roh, a former general and hand-picked successor to President Chun, said that if the package was not accepted, he would resign from his posts as leader of the ruling party and presidential candidate. The package was welcomed by both opposition politicians and ordinary Koreans as a sincere attempt by Mr Roh to meet their demands for democratic change.

South Korea has been rocked by ever-increasing popular demonstrations this month, starting on the day Mr Roh was chosen as the presidential contender. A broad cross-section of the people has demanded an end to military-backed rule.

President Chun is expected to make a statement on the proposals today or tomorrow.

In Washington, Mr Gaston Sigur, Assistant Secretary of State, said the US expected President Chun to accept Mr Roh's reforms. "We endorse fully what is happening," Mr Sigur said. "I think if things move along well now for the next month or so as they begin to work out the details, Korea is truly on the road to a very broadened political system and a full-blown democracy in Korean terms.

Mr Marlin Fitzwater, the White House spokesman, said the package was "very positive".

In the past week, President Chun has shown some flexibility in response to the demonstrations by meeting Mr Kim Young-Sam, co-leader of the opposition Reunification Democratic Party, and church leaders to seek views. Analysts and opposition leaders say, however, that he has not yet indicated agreement to the kind of change which would involve giving up power.

The initiative by Mr Roh, which observers believe he launched without consulting ruling party members, took South Koreans by surprise. Mr Roh, a supporter of President Chun when he took power in a military coup in 1979, has distanced himself from the President in the past two weeks, apparently realising that the people would not accept an automatic transfer of power to him when President Chun steps down at the end of his term next February.

Mr Roh also proposed the revision of the election law to guarantee fair voting, the release of all political prisoners, strengthening of the legal system and efforts to end regional divisions.

Should President Chun accept Mr Roh's proposals, the way appears clear for genuine democratic change in South Korea. Mr Kim Dae Jung, who last year said he would not stand for the presidency in a direct election, in an effort to push along genuine debate, yesterday said only that he was not concerned about the presidency and wanted only to co-operate with the people to win democratic change.

Vital steps towards democracy, Page 5

Sterling languishes despite oil accord and bright forecasts

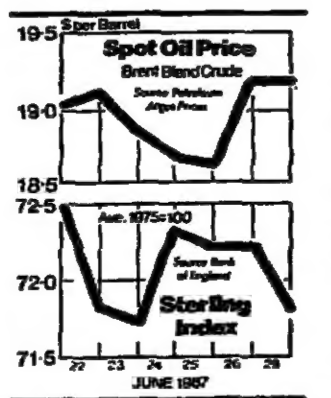
BY JANET BUSH IN LONDON

STERLING defied logic on the foreign exchange markets yesterday, opening sharply lower despite the weekend accord by the Organisation of Petroleum Exporting Countries which pushed oil prices to their highest level for 17 months and an optimistic forecast for the British economy by the London Business School.

Foreign exchange dealers were puzzled by the pound's weakness and could attribute it only to a continuation of the profit-taking which has dominated trade since the UK general election.

The pound's vulnerability has stemmed partly from a feeling that the dollar may now genuinely have stabilised, which has encouraged fresh investment in US securities. The key motor behind sterling's rise this year had been strong overseas demand for British shares and bonds. However, this now appears to have dried up.

The pound's modest decline during Far Eastern trading triggered an automatic sell order placed there as a precautionary measure during nervous business last week. As sterling



dropped, other orders were triggered, and its trade weighted index opened in London at 71.8, well below Friday's 72.2 close.

The London Business School forecast of healthy growth and low inflation in the UK failed to lift the mood and the pound's index ended unchanged from its starting level yesterday.

Sterling ended European trading at DM2.9305 from Friday's closing DM2.9425 and at $1.6010 after $1.6110.

The pound's inexplicable weakness set the tone in other British markets. UK Government bonds closed nearly a full point lower continuing the sharp sell-off since the election amid widespread reports that Japanese investors have been, if anything, net sellers of gilts over the period.

On the London stock exchange, oil company shares stood out in an otherwise dull market, attracting buying apparently mostly by US investors after Opec agreed in Vienna to a collective output ceiling of 16.6m barrels a day for the rest of the year, 1.7m barrels less than the ceiling pencilled in at the December meeting.

The FT-SE 100 index closed 2.0 down at 2289.3 while the FT ordinary was 6.1 lower at 1784.6.

In New York, the price of West Texas Intermediate rose at one point by 44 cents to $20.70 a barrel, before falling back to $20.48 by mid afternoon. The price of Brent crude for July delivery jumped by 30 cents yesterday morning in London

Lex, Page 24; Opec accord, Page 34; Currencies, Page 35; London stock market, Page 42

CONTENTS

SCRAMBLE FOR POLITICAL SURVIVAL STARTS

Turkish Premier Turgut Ozal: thinking about calling early elections. Page 3

Euro-fanatics drown out bickering at the summit

BY TIM DICKSON IN BRUSSELS

A PASSIONATE demonstration of Euro-enthusiasm upstaged the predictable and largely nationalistic bickering of EC heads of state as the European summit got under way in Brussels yesterday.

Hordes of Euro-fanatics descended on the Charlemagne building just after lunchtime making their presence felt with placards calling for a "United States of Europe" and throwing water "bombs" constructed from balloons commemorating the 30th anniversary of the Treaty of Rome. Several appeared to be aimed in the direction of the British Prime Minister, Mrs Margaret Thatcher, who was quickly surrounded by a swarm of Belgian security men no doubt fearing the real thing. Two demonstrators are understood to have been arrested.

Their chanting was not quite up to the standard of European farmers—a more vocal group occasionally seen in these parts. But the strong reaction of the large numbers of helmeted and truncheon wielding police managed to pacify them.

More dramatically the leader of the Italian Radical Party, Mr Marco Panella—a member of the European Parliament and a super Euro-enthusiast—attempted to throw himself in front of a car, but happily missed. Unkind observers suggested that the party's publicists would have done better to call in the services of Ilona Stoller, or "Cicciolina," the striptease artist who created such a stir in the recent Italian elections.

Few people inside the Charlemagne this week would be prepared to die or even take off their clothes in the cause of Europe. But one such is possibly Lord Plumb, the defiantly "monoglot" British president of the European Parliament who cleverly got in on the act yesterday via the "first ever" summit meeting between heads of state and representatives of the Parliament.

His briefing afterwards got off to a somewhat unhappy start when a senior British government official announced to waiting journalists that "Mr Whatsisname" had not yet started speaking. But with little useful information filtering through from the heads of state themselves, the latter pulled in a big audience to hear his "very frank and straight views."

MISSING THE JOKE: Mrs Thatcher's attention turns elsewhere as he rfellow prime inmisters, Jacques Santer (left) of Luxembourg, Felipe Gonzalez (centre) of Spain and Ruud Lubbers of the Netherlands share a humorous moment at the summit

These were clearly a little too frank for some Spanish journalists who were dismayed by Lord Plumb's assertion that "the position of Gibraltar in the Treaty of Rome is quite clear" (broadly the British view) and his regret that Spain "had raised the matter" in the recent talks on EC airline reforms. Challenged to say whether he thought Spain was to blame he gave a good Euro-answer: "I am not blaming anybody."

Meanwhile, elsewhere the heads of state were certainly busy blaming each other for the financial mess which ostensibly they have come here to sort out. The latest plan put forward over the weekend by Mr Leo Tindemanns seemed to have been quickly shot down by France and the Mediterranean countries while speculation mounted last night that the "old firm" — the Franco-German alliance—was putting together another compromise.

Deep chill returns to Greek relations with Washington

BY ANDRIANA IERODIACONOU IN ATHENS

THE SUDDEN chill into which Greek-US relations were plunged at the end of last week over the issue of terrorism has deepened following a blunt warning by Prime Minister Andreas Papandreou that the four US military bases here would be closed unless Washington publicly retracted its claim that Athens bargained with the Abu Nidal group for immunity from terrorist attacks.

"If the Americans believe that through this sort of pressure and by harming our national interests we will be led to extend or sign any agreement on the bases, they are grossly mistaken," Mr Papandreou said in Brussels, where he is attending the European Community summit. "If 1988 goes by without any retraction, the bases will go."

The 1983 agreement on the bases operation expires in December 1988. Under its terms, Greece may serve advance notice that the base must be dismantled within 17 months.

The Greek Socialists came to power in 1981 promising to remove the bases, but later made this a long term "strategic goal," partly in indirect recognition of the country's dependence on US military aid of some hundreds of millions of dollars annually. Mr Papandreou recently announced he would seek a referendum on any new agreement beyond 1988.

The two sides were poised to launch preliminary talks on the bases' future when the crisis over terrorism erupted last week, following press reports based on unidentified sources which said the issue of bargaining with terrorists had been raised by Mr Robert Keeley, the US ambassador to Athens, in a meeting with Greece's Foreign Minister on June 25. The reports were confirmed by the Greek Government.

Meanwhile, the Government has reacted strongly to accusations by the Conservative opposition that the Socialists have been reluctant to tackle terrorism in Greece "for fear that any search for the source would lead to persons associated with the Socialist party." It accused the Conservatives of joining forces with the Americans "in a suspicious political game which turned against the interests of our country."

French bank lifts gloom in markets

BY GEORGE GRAHAM IN PARIS

THE BANK of France yesterday offered a more optimistic signal to the Paris financial markets after a fortnight of gloom about the country's economic performance.

The central bank lowered its interest rates by a quarter of a percentage point, bringing its intervention rates back to a band of 7¾-8 per cent, the same level as at the beginning of 1987, and countering a recent sharp rise in money market rates.

At the same time, however, the Bank announced it was increasing the rate of obligatory reserves which banks must maintain in proportion to their deposits and their holdings of tradable securities like certificates of deposit from 1 per cent to 2 per cent. The move to increase reserve levels is seen as partly offsetting the reduction in interest rates, which is nevertheless expected to have a significant psychological effect.

"The mood has been catastrophic in recent weeks. What was needed to improve the atmosphere was a gesture from the Bank of France," said Mr Christopher Potts, senior economist at Banque Indosuez.

The "decline" has become a preoccupation in France over the past 10 days, and the Government has had to try to counter the impression that France was doomed to an inevitable slump in economic performance. The bout of collective despondency was triggered by the announcement of a sharp deterioration in the foreign trade balance, which slumped to FFr 5.6bn ($872m) last month.

Economists have focussed on the level of capital investment, with both the left-wing opposition and right-wing critics of the administration of Mr Jacques Chirac calling for a tax stimulus to help companies invest more.

Mr Edouard Balladur, the Finance Minister, yesterday said that investment levels would be higher in France than in any of the other six leading Western industrial nations, rejecting any need for further investment incentives.

EC ship workers' aid plan delayed

BY WILLIAM DAWKINS IN BRUSSELS

A KEY European Commission report on how to help the up to 45,000 shipyard workers who are expected to lose their jobs over the next two and a half years has hit financial and political snags.

The report calls for a major boost in EC social aid for retraining redundant shipyard workers from last year's Ecu 9.7m (£6.8m) to Ecu 183m (£128m) for the period between now and the end of 1989. The figures emerged on a day when EC government leaders met here to grapple with the wider problem of Community budget reform, on which the Commission's ability to pay more aid to shipyard workers would depend.

A full meeting of the 17-man Commission was to have debated the study last week to prepare it for submission to the Council of Ministers, member states' decision making body. However, it was pulled off the Commission agenda partly to await any progress that today's summit might make on the EC's growing lack of funds and is now unlikely to be discussed at a meeting of Commissioners before the middle of next month.

An EC ban on high-level contacts by Community ministers with Syrian government officials could be lifted next month, following the closure of offices of the Abu Nidal Palestinian terrorist group in Damascus, British diplomats said yesterday, writes Quentin Peel in Brussels.

However other EC measures against Syria, approved in London last year following the disclosure of Syrian involvement in the attempted hijacking of an Israeli aircraft at Heathrow airport, are likely to remain in force. They include rigorous surveillance of Syrian embassies, Syrian Arab Airlines flights, and a ban on EC financial aid to the country.

British officials confirmed yesterday that the subject of relations with Syria was likely to come up at the political co-operation meeting of EC foreign ministers in Copenhagen on July 13.

The UK has been under pressure for some months to relax its hostile attitude towards Syria, regarded as a key player in efforts to achieve a Middle East peace conference, and the release of hostages in Beirut. Britain itself is not planning to resume diplomatic relations with Syria, broken off after the Heathrow incident, and it can also maintain its veto on EC financial aid indefinitely.

The report was also being held up by wrangles between Commission officials over the extent to which such aid should be used merely to support national assistance schemes or should be directed centrally from Brussels.

At the heart of the document, which has already taken almost a year to produce, is a grim forecast that the EC's present shipbuilding capacity will have to be cut by about a third in the next few years. Even after that, the most profitable yards would be running only at 70 per cent of full output, with the prospect of eventually clawing back to 80 per cent.

The report points out that it will be impossible to spread the closures evenly across the EC. Clearly, it warns, the bulk of any cuts would have to fall on the yards which have little prospect of becoming competitive.

The Commission estimates new orders for the world's shipbuilding industry will have halved by next year from the 1977 level of 14m tonnes. That is a much bigger drop than was being forecast as little as two years ago, and next year's estimated 7m tonne order book represents a mere 40 per cent of present world capacity.

The source of the downturn, says the report, is a "structural change in the general pattern of maritime transport." It adds: "An entirely new feature of essential importance is that the upturn that the world economy has taken during the last few years has not been accompanied by an equivalent increase in seaboard cargo volumes."

All this means that earlier forecasts of a revival in world capacity to between 17m and 20m tonnes in the 1990s could now sustain production only of "substantially less than estimated up to now."

Banking system freed to set own lending rates

BY OUR ATHENS CORRESPONDENT

THE BANK of Greece yesterday partially freed the highly regulated banking system, allowing it to set its own lending rates, and reduced the proportion of deposits placed on compulsory reserve. At the same time by restructuring the allocation of compulsory reserve funds, the Bank's measures seek to generate approximately Dr 75bn ($540m) in extra financing to meet the needs of the public sector this year.

Under a government economic stabilisation programme the authorities hope to reduce the net public sector borrowing requirement from 14 per cent of gross domestic product last year to 10 per cent by the end of 1987, but deficits are reportedly overshooting targets.

On the interest rate front, the main innovation introduced by the measures consists of the setting of a minimum lending rate of 21 per cent for working capital loans, to replace the existing 21.5 per cent set maximum rate. The Governor of the central bank, Mr Dimitris Chalikias, discounts a sudden steep rise in lending rates as a result of the measure on the grounds that demand for capital will operate as a natural check and balance.

In parallel, banks will be able to offer depositors freely negotiable interest rates on deposits above Dr 5m for deposit periods of three, six, 12 or 18 months.

By doing away with a 15 per cent compulsory reserve requirement for investments, the Bank of Greece estimates that it will reduce the overall proportion of commercial bank deposits on reserve from 77.5 per cent to 65.

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EUROPEAN NEWS

Gibraltar airport: bone of contention choking the Spanish

BY DAVID WHITE IN MADRID

VISITORS TO Gibraltar come mostly by road these days. Long lines of cars queue up at the border waiting to get in. Since Spain opened the frontier gates in 1985, car-borne tourists have been the main source of commercial boom on the colony, but they still have to go through the airport.

They cross the runway on their way in, and after searching for a parking space or getting stuck on the narrow lanes that climb up the side of the Rock they cross it again *on their way out.*

The RAF-controlled airstrip has become one of the most well-trodden military facilities anywhere. The little room there is for civil aviation use has turned it, especially since last week, into a bone of international contention.

The runway sticking out into the Bay of Algeciras now serves for an average of two or three scheduled connections a day with the UK, between GB Airways, a British Airways joint venture, and Air Europe. The former also runs flights to Tangiers with its own aircraft, an *ageing* Viscount. There is talk of raising daily services from the airport to the dizzying number of four.

A row over Gibraltar airport has been slowly brewing in the two years that Britain and Spain have been discussing it. In the agenda of Gibraltar negotiations, begun after Spain acknowledged the rights of the 30,000 Gibraltarians and lifted its border restrictions in exchange for being able to broach the question of sovereignty. The airport has been at the top of Spanish priorities. In that time, Spanish optimism has *soured into frustration.*

Madrid wants to turn it into a partly-Spanish airport, enabling a resumption of Gibraltar-Madrid flights. The planned EC airline liberalisation, if applied to Gibraltar, would mean recognising the airport as British and opening it to other carriers while all that remained unsettled.

The nub is Spain's particular touchiness about the flat bit of the colony, part of the tongue of sand joining the Rock to Europe, where Britain built the airport in the Second World War.

Spain's 1984 agreement with the UK refers cryptically to the issues of sovereignty. To the Spanish this means two claims: one to the Rock, taken by the English in 1704 and ceded to them in perpetuity (unfairly, say the Spanish) under the Treaty of Utrecht in 1713; the other for the isthmus over which Britain claims prescriptive rights, but which Spain never ceded to anybody.

"I think our position is that it's British and that's it," a British Foreign Office official, turning a Nelsonian blind eye to this diplomatic nicety: But *British maps from the 19th* century, when the Spanish let the Rock's occupants build a race-track on the flat area, clearly describe the isthmus as no-man's land. A pre-war French travel guide shows the "neutral ground" pushed back, with the race track by then safely contained within a frontier fence — marked as *lig anglaises*.

Spain is simultaneously sticking to the letter of the treaty, which gave Britain "full and entire property of the town and castle, together with the port, fortifications and forts thereunto belonging," and dismissing the treaty as an anachronism.

The document, under which Britain also obtained Minorca, is nothing if not quirky, It forbids land commnications with the Rock, which means that General Franco was complying with it when he cut the colony off in 1969. It is also adamant that "*no leave shall be given,* under any pretence whatsoever, *to Jews or to Moors, to reside* or have their dwelling" on Gibraltar. This is curious, since Gibraltar has a solid Jewish community and, when Franco withdrew the Spanish workforce, imported *4,000* Moroccans.

Hungary to allow more private employment

By Leslie Colitt in Berlin

PRIVATELY-OWNED companies in Hungary's "second" economy will soon be allowed to double the number of people they may employ, acording to a senior Hungarian politician.

Mr Laszlo Marothy, head of the National Planning Office and a member of the Communist Party's politburo, said up to 24 people would be allowed to *work in a private company.*

The new regulation is expected to come into effect this year he said in an interview. When private concerns were *first permitted in Hungary* 10 years ago they could only employ three people.

Mr Marothy also noted that "employment problems" would arise *in certain areas as a* result of reforms to restructure industry. This would generate previously "unknown tensions" in Hungary, suggesting some of the jobless might find employ*ment in the private sector.*

Government statistics show that 6 per cent of Hungary's national income (GNP minus services) comes from the private sector, 6 per cent from household farm plots and about 4 per cent from economic work co-operatives which lease equipment from state companies.

Mr Ivan Berend, president of Hungarian Academy of Sciences and a leading economist, noted recently that all forms of private enterprise in Hungary accounted for a third of agricultural output, more than a half of services, 80 per cent of construction and a third of national income. The population's average monetary income was doubled by work in the *so-called "second" economy.*

The Industry Minister, Mr Laszlo Kapolyi, said last month that private artesans and small companies which employ about 150,000 people, are playing an increasingly important role in industry. The majority made consumer goods and components and their contribution to exports and import substitution was "indispensible," he said. Small, short-term loans were to be made more readily available to private artesans through a new bank.

David Barchard looks forward to Turkey's referendum on banned political leaders

Sleepless nights for Ozal and Demirel

NEARLY 18 months before the next general elections are due in Turkey, the years of political calm ushered in by the 1980 coup are over.

Instead a scramble for political survival has begun between the Prime Minister, Mr Turgut Ozal, and his one-time master, Mr Suleyman Demirel.

Battle was joined two months ago when the Prime Minister publicly let it be known that he was thinking of holding the general elections this year rather than next.

On the face of it, this was an extraordinary step. Early elections would risk 18 months of secure government with the biggest majority in Turkish history in three decades.

Even if Mr Ozal's Motherland Party (MP) wins (and currently it looks in poor shape) it would certainly never get anything like the 252 seats it now has in the 400 member Assembly.

Ordinary voters in Turkey mostly seem indifferent to the striking advances the country has made since 1983. The MP is seen as a rich man's party and Mr Ozal as the millionaire's friend.

There *have* been some encouraging signs such as the 45 per cent of the votes the MP won in a round of municipal elections three weeks ago. But most people's bets are still on Mr Suleyman Demirel, six times prime minister since 1965 and twice deposed in military coups, who now seems poised for a remarkable political comeback.

Mr Demirel has one huge handicap however. He may be popular with the masses in villages and towns — but he is barred from running for office until 1992. Only two years ago, he and the other pre-1980 politicians were still political non-persons who could not even make public statements.

Pressure to lift the bans imposed by the military on Mr Demirel and other senior figures such as ex-prime

Mr Demirel: Premier six times; deposed twice

minister Bulent Ecevit, is now rising. It is here that Mr Ozal has seen his chance and seized it.

The leaders were banned from politics by a clause in the 1982 constitution, which was approved by 92 per cent of the voters. Certainly, by most standards the referendum was not exactly a democratic affair. Martial law was in force. Discussion was forbidden. Local *headmen in villages across the* country were hauled in and told which way the vote was supposed to go.

Nonetheless Mr Ozal has been able to argue plausibly that a ban imposed by referendum should be lifted by one. So on September 6, Turkey will hold its third referendum.

It looks like being a make-or-break occasion for both Mr Demirel and Mr Ozal. The Prime Minister and his party are staying ostensibly neutral, while in practice urging their followers to vote for the bans to continue. So a resounding vote to lift them would put Mr Demirel very much in the lead and perhaps turn the Government into a lame duck administration. On the other hand, if the bans continue, Mr Demirel will be out of the game. Things would be set extremely fair for a general election.

So how will the Turkish electorate vote on September 6? The question must be giving Turkey's leaders sleepless nights. If there is a high turn out and everyone votes along party lines, then Mr Demirel could face a serious threat.

For even if his True Path Party is the largest grouping in the country with perhaps 40 per cent of the voters behind it (an optimistic guess), Mr Demirel is the only banned leader likely to command double figures in the percentage of his support.

The majority of social democrats will probably vote no if they vote at all, because Mr Bulent Ecevit, their former leader has split the left in Turkey by forming his own breakaway party.

Crossing the 50 per cent barrier may therefore be more difficult than it looks at first sight.

There is no doubt that memories of the mistakes of the 1970s, of intransigence while a death toll mounted from political violence, will play a part in the referendum.

"Mr Demirel and Mr Ecevit never understood the bitterness a parent feels when a child is killed," said one elderly Turkish worker to me last week.

The referendum stratagem has come as a kiss of life for Mr Ozal's administration when it looked set on a hopeless downwards trajectory.

Still all is far from rosy. The civil service is once more infected by listlessness and uncertainty about which party will be in charge this time next year.

Government policy-making is over-shadowed by the elections and the need to curry favour with the voters. This has potentially dire consequences for economic management. Civil servants and pensioners for example, have just been given a 48 per cent pay rise.

Unpopular laws are being amended or relaxed. Mr Ozal even briefly tried to loosen the law on firearms possession. This would have undone one of the main achievements of the 1980 revolution which disarmed a population accustomed to illegal firearms ownership.

Little is being heard these days about Mr Ozal's economic reforms which have clearly been put on a backburner, along with monetary restraint, until after the elections. The prime ministers' free market technocrats, whose work has won the government most of its international reputation, carry little clout at present.

Instead the party bosses, old style higher bureaucrats and the chiefs of the large state banks have come back into their own.

If things turn out as Mr Ozal plans, and he can follow up a referendum success with an election victory (which depends on persuading his own deputies and President Kenan Evren to go along with the ideal, it may all have been worthwhile.

But the firm edge to governmental policy has disappeared. Any hitch in the plans and Mr Ozal could find himself not the master of events but their prisoner.

Parties up and running in Portugal's poll campaign

BY DIANA SMITH IN LISBON

AN HOUR of party political broadcasts in prime television time officially opened the campaign for Portugal's general election and election for European Parliamentary deputies on July 19.

The main contenders are the social democrat PSD, whose downfall through an opposition censure motion in April provoked the fifth snap election in eight years, the socialist PS, struggling for leadership of a left splintered by the new, maverick PRD (Democratic Renewal Party) of ex-President Antonia Ramalho Eanes, who is out to capture the socialist electorate, the Communists, running with independents and some Greens, and the Christian Democrat CDS, fighting eclipse by the self-assured PSD. Aside from them, a bevy of tiny parties on the left and right, and the ecological Monarchists are all allowed lavish television and radio time for the next 17 days.

Three opinion polls carried out since late April give the PSD and its ambitious leader, Prof Anibal Cavaco Silva, 39-*46 per cent of the vote.* A majority requires 43 per cent.

The PSD and CDS—whom polls *give* 2-8 *per cent*—will join forces if the Social Demo*crats fall short of a majority* on their own and the CDS wins enough votes to compensate. In 1985 the PSD took 30 per cent.

Capitalising on squabbles on the left, the PSD are after a majority hinged on economic recovery. They, like the PRD which took 18 per cent in 1985 and now *gets* 8½ *per cent in the* polls, are training their big guns on the Socialists, led by the conscientious but lacklustre Vitor Constancio, former *governor of* the Bank *of* Portugal.

Dr Constancio aims to restore standing lost by the PS in 1985, when it plummeted to 21 per cent after exceeding 30 per cent for years. He wants to make his party a creditable moderate alternative to the PSD, edging towards a two-party system. The polls give him 21-28 per cent.

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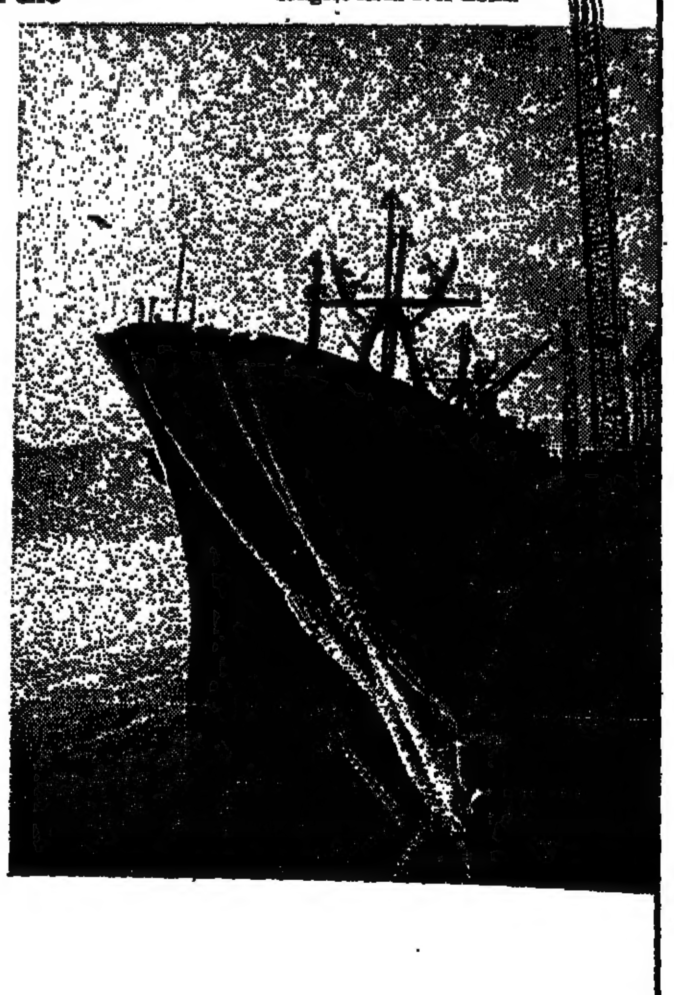

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Fiji devalues as crisis takes turn for worse

BY ROBIN PAULEY, ASIA EDITOR, IN NADI

FIJI DEVALUED its currency yesterday as the political and economic crisis facing the South Pacific island state took a serious turn for the worse.

The Reserve Bank announced the Fiji dollar was being devalued by 17.75 per cent with immediate effect, partly to try to protect the nation's rapidly dwindling foreign reserves and partly to help tourism which has collapsed since the May 14 military coup. Petrol and diesel prices were also raised yesterday.

At the same time Dr Timoci Bavadra, the ousted Prime Minister, killed any hope of an early solution to the political crisis. He told Ratu Sir Penaia Ganilau, the Governor General, that his proposals for constitutional reform, giving political supremacy to Melanesian Fijians at the expense of the larger Indian population, amounted to racial apartheid and so were unacceptable.

The entire workforce of 500 walked out of Labasa Mill, one of only two cane crushing plants working. They were protesting against the presence and behaviour of armed soldiers in the mill.

In a separate incident arson was reported to have caused $300,000 (£186,000) of damage to buildings at a Fiji Sugar Corporation centre.

Two more major mills are due to open today but there is little sugar cane for them to crush and it is not clear whether more mill workers will now take action in support of the Labasa strikers.

Ratu Ganilau is hoping Dr Bavadra will ask the sugar farmers to bring in the crop to save the national economy. But this seems unlikely unless Ratu Ganilau withdraws the regulations announced last week which empower him to order soldiers to seize private land,

Ganilau: hoping

property, buildings and vehicles.

Indian farmers say that if the army harvests the cane or forces them to do it at gunpoint they will not plant and cultivate a new crop, guaranteeing economic ruin next year.

Sugar exports earn Fiji about $200m a year, representing nearly half of the island's foreign exchange. The other key source of foreign exchange is tourism which has been devastated by the coup.

Tomorrow Air Pacific, Fiji's airline, will slash return fares from New Zealand and Australia and hotels will offer accommodation at below cost price in an attempt to lure tourists back. Some hotels are closed and most others have laid off hundreds of workers. Air Pacific is also making staff redundant, cancelling flights and risks running out of cash during July.

Meanwhile in New Zealand two Indian Fijians, both former soldiers, have started fund-raising to buy weapons for an armed guerrilla revolt in the island.

Seoul rolls down the fast track to democracy

Maggie Ford looks at popular aspirations in South Korea

FOREIGN SCEPTICS in Seoul often wonder whether South Korea is ready for democracy. However, they ask, can be a country which has been ruled since 1910 by a string of harsh regimes, ranging from the Japanese colonial Government to two home grown military dictatorships, even know what democracy is?

But a remarkably uniform picture of how a democratic South Korea should work emerges from informal conversations with educated middle class South Koreans. Their ideas are based not so much on creating new institutions as on making existing institutions play their role. Their aim is to create a free and equal modern society.

Yesterday the consensus on the proposals put forward by Mr Roh Tae Woo, leader of the ruling party, was that they went a considerable way towards addressing the country's basic problems.

The people's demands for the foundation of a democratic state fall into eight basic categories:

- Free elections, with universal suffrage and secret ballot;
- Civilian control of the military, and an end to its involvement in politics;
- Freedom of the press;
- An independent judiciary and a fair legal system;
- Revision of the National Security Law;
- The independence of public officials and an end to corruption in all areas;
- Equal opportunities in economic and social spheres for women, lower income groups, and people from different regions;
- Balanced development spending and equitable distribution of the benefits of the country's economic progress;

The immediate object of democratic change, South Koreans say, is to untie the apparatus of state control. The starting point is the military, which is in turn underpinned by the police and intelligence services and administered, frequently against its will, by the judiciary.

The system has allowed bribery and corruption to flourish, they feel, enforced by the threat of action from the authorities if people refuse to take part. Koreans want to develop independence and respect for legal process in their institutions.

The case of the death of a tortured student is a case in point. Two policemen were asked to take responsibility by their superior officers. They were promised that their families would be supported, and that assistance would be provided for them to move away from accusing neighbours. They appear to have been led to expect short sentences, and of course would have received

Violence on the streets has wrought change in Korea

good treatment while in jail. The question of who actually committed the crime, the matter of evidence and legal process were simply ignored.

Those Koreans unfortunate enough to be involved in car accidents experience similar problems. Whether at fault or not, a driver is immediately arrested and taken to the police station, where compensation for the victims is negotiated. Failure to agree will bring official charges, which are to be avoided: they will result in fines and removal of the driver's licence. Legal process is again ignored.

Further abuse of the law occurs under the National Security regulations. Originally framed to deal with Communist spies, this law has been widely abused, South Koreans complain, to include such offences as insulting the President.

Young businessmen and those in banking and finance are particularly concerned about the issue of the independence of public officials. They allege that the Pan Ocean scandal, in which the chairman of a major shipping company committed suicide, was "only the tip of the iceberg."

The Office of National Tax Administration investigated the company and found widespread evidence of fraud and foreign exchange irregularities. But businessmen say that the independence of the tax authorities cannot itself be guaranteed. A tax investigation is reported to be a widely used ploy in dealing with companies which fail to toe the Government line.

A free press is one important way to protect the independence and freedom of individuals and institutions, South Koreans believe. At present, letters to the editor are not published in newspapers, partly because a signed letter will invite a visit from the authorities to its author. But the press has achieved significant freedoms in the past few weeks and has played a strong role in the present movement for change.

Although South Korea has an elected National Assembly, complaining to an MP is not really an option. MPs in the Opposition Party are subject to arrest if they annoy the Government —the deputy leader of the main Opposition party is in jail at the moment — and anyway, the National Assembly has no power to take up complaints with the authorities.

Demands for equal opportunities get to the root of some of the basic social problems in the country. Women, although often highly educated, have few rights. Family and inheritance laws, the product of Confucianism, resemble those in Islamic countries, and women are frequently fired from their jobs when they get married.

Workers are under strict control, with no trade unions allowed and often low wages. There is wide agreement that the fruits of the country's prosperity should be more fairly shared, while businesses remain competitive internationally.

Regional development is a particularly thorny problem. The Eastern side of the country, including the cities of Seoul and Pusan has received almost all development spending over the past 20 years. The western side, including the city of Kwangju, is an agricultural backwater, with only a few factories providing employment.

Although this area has seen increased spending on industry and infrastructure in the past few years, young South Koreans believe that efforts must be increased.

The articulate nature of the South Korean opposition is a function of the level of education, which is exceptionally high. More than half the adult population of Seoul has either graduated from or currently attends a university. The demands of the people reflect a more Western attitude to rights and freedoms than many would expect in an Asian country.

But the scale of the expectations which this generates causes problems. As one foreigner put it: "It takes South Korea five years to achieve something that took Japan ten years, the pace of change is so rapid."

The people of South Korea have been fighting seriously for democracy for only 20 days. The crucial factor now is whether their President is capable of change at the same pace as his people.

US and Japan in accord after high-tech Soviet sale

BY PETER BRUCE IN TOKYO

THE US and Japan have agreed to strengthen their joint anti-submarine warfare capabilities in the Pacific following the illegal sale by a Japanese company of machine tools to the Soviet Union that will help Moscow build quieter submarines.

Mr Casper Weinberger, the US Defence Secretary, ended three days of talks here yesterday by indicating he was satisfied with the "rather firm and decisive steps" being taken by the Government to stop a repeat of the machine tool sale. Although he had, before arriving, spoken of the damage to Western security because of the sales, he evidently did not press Japan for compensation.

"What was brought up was something much more affirmative than that," said Mr Weinberger, "and that is the importance of regaining and keeping and strengthening anti-submarine warefare leadership.

"What we need to do really is, I think, to work together to make sure that the technical measures to do this are designed and agreed upon and executed as quickly as possible," he said.

The Japanese Foreign Ministry said last night, however, that Tokyo had not promised Mr Weinberger anything new. That could mean the Japanese will merely agree to firm up vague pledges to buy more anti-submarine equipment and, possibly, to buy long-range Awacs reconnaissance aircraft and Boeing tankers from the US.

Congress, though, is still calling for compensation from Japan—figures between $1bn and $30bn have been mentioned in Washington—and the banning of products made by all companies in the giant Toshiba group.

Mr Weinberger also appeared to have made little obvious progress in persuading the Japanese not to build their own aircraft to replace their ageing close-support fighters. He said the US would prefer Tokyo to modernise an existing US fighter, the F-15, F-16 or F-18, in a joint venture that the Japanese could lead.

S Africa 'bombs Angolan government-held town'

SOUTH AFRICAN warplanes are bombing a strategic town in southern Angola as army units backed by helicopters and armoured cars prepare for an assault, Angola's official news agency Angop said yesterday, AP reports from Lisbon.

Two South African infantry battalions supported by 50 armoured cars and Kentron helicopters are surrounding Ongiva, the capital of Cunene province that borders the South African-controlled territory of Namibia, Angop said.

Warplanes were bombing Angolan army positions in Ongiva as army units drew up in a semi-circle south of the city in readiness to launch an attack during the dry season, according to the Angop report monitored in Lisbon.

In Johannesburg, South Africa, a spokesman for the South African Defence Force refused to confirm or deny the Angop report.

Angola's allegations came as anti-government rebels backed by South Africa and the US said Angolan government forces were preparing for an offensive against their southern strongholds in Cunene and neighbouring Cuando Cubango province.

Kuwait confident it has enough crude tankers

BY RICHARD JOHNS IN VIENNA

KUWAIT IS confident its 11 tankers being registered under the US flag, together with Soviet vessels chartered for a year will be enough to carry its exports of crude and crude products. The US-registered ships will enjoy American naval protection in the Gulf. Mr Fattah al-Badr, chairman of the Kuwait Oil Tanker Company revealed here yesterday that seven of the number involved — half of its fleet, totalling about 1.5m deadweight tonnes— would be used on a shuttle service to a trans-shipment point in the Arabian Sea off Khorfakan on the eastern seaboard of the United Arab Emirates.

Operations by the vessels to be owned by Chesapeake Shipping of Delaware, a wholly owned KOTC subsidiary, would begin as soon as "military arrangements" had been made, Mr Badr said with reference to the US Administration's decision to beef up its task force in the Gulf region with four extra warships including the USS Missouri.

Mr Badr said his company was chartering three British vessels, but he declined to reveal their names.

He described Iranian attacks on two tankers on Saturday as "cowardly" saying that one had been struck by 50 Bazooka rockets and the other by 15.

● Mr Ali Akhbar Hashemi Rafsanjani, the Iranian Speaker, was quoted as saying yesterday that the US was moving towards the brink of an armed encounter with Iran, Reuter reports.

US and EC fail to resolve pasta export dispute

BY TIM DICKSON IN BRUSSELS

THE PROSPECT of renewed trade bitterness between the US and the European Community loomed yesterday following the failure of weekend talks to resolve the long running pasta dispute.

Negotiations were suspended early on Saturday morning with the two sides still "far apart" on the central issue of the level of EC subsidies for pasta exports to the US. No date for a new meeting has been arranged but expectations in both camps are that another attempt will be made to resolve the problem over the next two weeks, almost certainly in Washington.

The breathing space will enable negotiators on both sides of the Atlantic to review their positions. The indications last night were that the Americans are planning to discuss their next moves at a key session tomorrow.

Immediate issue

The immediate issue of the $25m to $30m of EC pasta exports to the US (mostly from Italy) disguises the wider tensions which have surrounded the recent talks. The European Community appears to be insisting that the outcome of the pasta negotiations are tied to the implementation of part of a deal agreed last August which settled the question of US citrus exports to Europe. Meanwhile, the increasing protectionist mood in the US Congress has alarmed both officials in Brussels and the Reagan Administration.

The pasta question hinges on the size of the variable EC subsidies paid to European exporters, which the US National Pasta Association argues have ranged between 15 and 18.5 cents per pound in 1987 enabling Italian pasta to be sold at wholesale prices 40 to 60 per cent lower than domestic supplies.

Gatt ruling

The US claims that these are illegal and points to a GATT panel ruling of 1983 which backs up its case. The EC responds that the ruling was never fully adopted by the GATT council and that in any case the payments relate to the durum wheat ingredient of the pasta and that they thus come within the rules. It is understood to have offered a 15 per cent reduction in subsidies plus a proposal that Italian producers could as an alternative be exempted from the import levy on supplies of US durum wheat.

Hungary homes plan to boost currency

By Leslie Colitt in East Berlin

HUNGARY has begun actively encouraging Westerners of Hungarian origin to retire in their native country in a bid to reverse falling hard currency revenues.

A village is to be built near Budapest for elderly Americans of Hungarian descent who are being offered retirement flats with long-term leases. The unusual scheme was made possible by a new law permitting foreigners to lease property in Hungary for 30 years.

Private Budapest businessmen approached Hungary's leading chain HungarHotels with the idea of building a US-style retirement village for ethnic Hungarians. Together they worked out plans for a 300-flat village with sport and entertainment facilities. An unnamed American partner in the hotel and real estate consultancy line chose the community of Fot outside Budapest for the site.

The estimated cost of the project, $20.2m, is to be financed with deposits of prospective tenants. Meanwhile the first flats in Budapest designed for ethnic Hungarians are also under construction and Hungary has plans to convert castles and former church buildings into flats for permanent use by Westerners.

Foreigners leasing the flats will be able to pass on the right to use them to relatives and will be permitted to rent them to other Westerners through a Hungarian tourist organisation.

Private Hungarians however will not be permitted to lease property to Westerners although renting flats and holiday homes to Westerners is a source of lucrative income for a good many Hungarians.

EXPORT-IMPORT POLICY AIMS TO CORRECT HEAVY TRADE IMBALANCE

Pakistan launches three-year plan

BY JOHN ELLIOTT IN ISLAMABAD

PAKISTAN yesterday launched a new three-year export and import policy which includes counter-trade proposals for imports of key commodities, together with provision for the first time of $250m credits for engineering exports to Third World customers.

Countries such as Kenya, Malaysia and Kuwait, which supply tea, palm oil and petroleum products to Pakistan totalling about $800m a year, are being told that purchases will be made elsewhere unless products from Pakistan's heavily under-utilised engineering industry are bought in return.

Pakistan needs to take urgent action to improve exports and boost its balance of trade at a time when its other main earner of foreign exchange – remittances from Pakistanis working overseas – is declining at 10 to 12 per cent or more a year to little more than $2bn.

Announcing the policy last night, Mr Mahbubul Haq, Minister for Commerce and Planning, said the aim was to boost the country's exports from an estimated $3.6bn this year to $5.5bn in 1989-90, and to restrict imports to between $5.2bn and $6.5bn over the same period.

This would reduce Pakistan's trade gap from $1.6bn this year to $1bn in 1990. Exports have grown by 17 per cent this year, partly because of growing international demand for cotton yarn and garments, and imports have fallen by 7 per cent in the wake of lower petroleum product and edible oil prices.

But the Government is concerned that these improvements cannot be sustained and that, without the policy initiatives, exports would not grow by more than 5 per cent in 1987-88.

Bilateral negotiations to boost exports have started with six countries – Japan, US, UK, West Germany, Kuwait, and Malaysia – which together account for nearly 90 per cent of Pakistan's current trade gap.

About 25 per cent of petroleum products, imports have been moved from Kuwait on to the spot market to attract engineering orders, and Malaysia has been warned that it risks similarly losing a substantial amount of its palm oil sales.

Pakistan started to try to bring down the price of tea imports recently by restricting Unilever subsidiaries' freedom to import from Kenya. Now tea is to be linked with engineering and other exports where possible.

These moves follow a counter-trade initiative nearly two years ago which was not successful.

A tentative target of $250m has been set in the coming year for Pakistan's first offer of export credits. Engineering contracts for exports to Bangladesh, taking up $50m credits, are expected to be finalised soon, and other business is being negotiated.

The new policy includes tax and other incentives for boosting the added value of traditional exporting industries such as surgical and sports goods. The private sector is to be allowed to handle export of rice and raw cotton for the first time since the early 1970s.

Import restrictions are being streamlined and the import of some engineering products made in Pakistan is to be banned.

Gibraltar air fares run into problems

By Quentin Peel in Brussels

A PLAN to exclude Gibraltar temporarily from a new European air fares liberalisation package failed yesterday to clear the deal for take-off before a deadline of midnight tonight.

The three-point proposal ran into objections from Britain and Spain after it was put forward by Mr Leo Tindemans, the Belgian Foreign Minister currently chairing the EC Council of Ministers.

Sir Geoffrey Howe, the British Foreign Secretary, said the plan would leave Gibraltar at the mercy of a Spanish veto in the future, if it was excluded from the air transport liberalisation deal, which was all but approved by EC Transport Ministers last week.

Spain was also understood to have rejected the proposals, which would include a special clause underlining that Gibraltar's inclusion as, in effect, a UK regional airport, would not in any way prejudice separate negotiations on the sovereignty of the British territory.

A second amendment would classify all airports affected as belonging to "areas to which the Treaty (of Rome) applies" rather than the present wording referring to the "territory of a member state."

Japan sets condition for Polish car plant

BY OUR FOREIGN STAFF

JAPAN has told Poland that it cannot provide financial backing for a bid by the Daihatsu car concern to build a plant there until agreement is reached in the framework of the Paris Club on fresh international loans to the Government of General Wojciech Jaruzelski.

Prime Minister Yasuhiro Nakasone explained this condition during his first round of talks yesterday with General Jaruzelski who is visiting Tokyo.

Japan, along with other industrial nations, has been withholding new official credits to Poland since February 1982, following the outbreak of the Polish debt crisis in 1981 and the declaration of martial law in Poland.

Commenting on the possibility of resuming official loans to Poland, Mr Nakasone said: "It is necessary that an agreement should be established at an international arena such as the Paris Club of creditor nations."

Daihatsu and three trading houses including Mitsui are bidding in competition with Fiat of Italy to establish production facilities for Poland's state-owned vehicle manufacturer FSO. Daihatsu hopes the plant will make the "Charade" mini-car.

He hoped that such an agreement would be achieved at an early date, but he did not make firm commitments about Japanese loans.

Wartsila signs contract for Soviet engine plant

BY PETER MONTAGNON

WARTSILA, THE Finnish engineering company, has signed a contract with Avtopromimport of the Soviet Union for the first stage of a FM1bn diesel engine factory in Leningrad.

The factory will produce Wartsila's Vasa 22 and 32 type diesel engines under licence, beginning in 1990 with an initial annual output of 100 engines. Production is scheduled to be expanded to 400 by 1995.

The 580-7400 kW medium-speed heavy fuel engines are chiefly used as main and auxiliary engines on ships, but they also have power generation applications, for example on oil-drilling rigs and as stand-by power plants in factories.

Turnkey plant

The contract is a traditional turnkey plant project rather than a new-style joint venture between Finland and the Soviet Union whose authorities will own and operate the new plant.

Construction will be carried out by Wartsila jointly with Finn-Stroi of Finland.

Nissan, US group to develop new truck

NISSAN Diesel Motor, Japan's biggest producer of heavy-duty trucks, and Navistar (formerly International Harvester) of the US have agreed to develop jointly a new vehicle, Our Tokyo Staff writes.

Nissan Diesel, which will become the first Japanese truck maker to build a truck with a foreign partner, is expected to take charge of the vehicle's body while Navistar develops a six-cylinder engine.

Victoria takes 25% stake in China aluminium mill

BY ROBERT THOMSON IN PEKING

THE Government of the Australian state of Victoria has taken a 25 per cent stake in the development of an A$400m aluminium rolling mill and extrusion plant, which will be the largest industrial manufacturing joint venture to be undertaken in China.

Mr Rob Jolly, the Victorian Treasurer, said in Peking yesterday before signing the joint venture contract that South Korea will be a main target for exports from the Chinese plant. China does not have diplomatic links with South Korea and claims not to have direct trade ties, though indirect trade has flourished in recent years.

The Victorian investment complements an A$100m investment by the state-run China International Trust and Investment Corporation (CITIC) last year to take a 10 per cent stake in an aluminium smelter in Portland, Victoria.

CITIC will hold a majority stake in the new plant to be built at Qinhuangdao in northern China. The CITIC share will be 35.6 per cent, while the CITIC-owned, Hong Kong-based Shortridge Pty. has 18 per cent, and three government agencies make up the remainder of the Chinese interest in the joint venture company, Bohai Aluminium Industries.

Another Victorian official said CITIC is "very anxious" to tap the South Korean demand for aluminium sheets and strips and window frames. The Chinese plant will produce 100,000 tonnes of aluminium products in its first phase, expected to be completed in three to four years, and up to 300,000 tonnes in its final phase, making it the largest of its kind in Asia.

The Victorian Government is hoping that the new plant will import a large percentage of the aluminium ingots it needs from the Portland smelter, which produces 300,000 tonnes annually.

Mr Jolly estimated that Portland's ingot sales could reach A$100m a year, but made clear that no firm agreement has been reached among the joint venture partners, and China will no doubt be keen to keep imports to a minimum to conserve its foreign exchange reserves.

Alcoa, which manages the Victorian Government's 30 per cent stake in Portland, will pay about A$30m for its share of the Chinese joint venture company, while the Chinese companies will invest around A$90m, with the remaining funds to be raised through foreign borrowing.

China has an acute aluminium shortage even though it has abundant bauxite reserves. Problems are caused by the poor quality of the bauxite and by an inadequate electricity supply. The poorer the quality of the bauxite, the more the electricity needed in processing.

Mr Jolly said the partners had not decided how much of the Chinese plant's output would be for local consumption and how much for export. But the Chinese will certainly want significant export earnings to cover the project cost and to service the loans.

Negotiations for the project took only eight months, which is surprisingly brief in China, and the contract was signed last night in Peking's Great Hall of the People. Mr Jolly attributed the quick agreement to the relationship CITIC and Victoria established during the protracted Portland negotiations.

Southern Democrat bids for US presidency

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

SENATOR Albert Gore Jr, a 39-year-old from Tennessee, yesterday formally launched his bid for the Democratic Party's presidential nomination.

Referring to the election in 1960 of John Kennedy to succeed President Dwight Eisenhower, and to the generational theme he intends to emphasise, Senator Gore said: "Twenty-seven years ago, the voters of America, looking for the strength and hope of a generation, replaced the oldest man ever to serve in the office of the presidency with the youngst ever to be elected to that office. I believe they are ready to do so again."

With his formal entry to the race, the southern Democrats who believe that, to carry the South and win the presidency, the party must adopt more centrist policies and eschew interest group politics, have a candidate at last.

The youthful Mr Gore is not, however, the candidate many southern Democrats would have put as their first choice. That would be Senator Sam Nunn of Georgia, the powerful chairman of the Senate Armed Services Committee, who is still pondering about whether to seek the presidency.

Mr Gore comes from a political family. While he was fighting in Vietnam, his father, then also a senator for Tennessee, was voicing his opposition to the war in Congress.

After the war, the present senator attended law school for two years, divinity classes for a year and ran a home-building business. He was elected to the House of Representatives in 1976 and to the Senate in 1984, when he won the seat vacated by Mr Howard Baker, now White House Chief of Staff.

In Congress, he has carved a reputation as one of a small group of democrats whose expertise on military and arms control issues is unquestioned. He has been sharply critical of the Reagan administration, arguing that the Strategic Defence Initiative is designed to enhance US offensive capability and could create "a greater risk of nuclear confrontation." He has also opposed aid to the Nicaraguan Contra rebels.

On economic policy, Mr Gore has supported the position which the Democratic Party in Congress has now adopted — that a tax increase is a necessary part of a comprehensive programme to reduce the federal budget deficit.

Mr Gore suffers, along with most of the seven Democratic hunters of the presidency, from not being well known nationally. The exception is Rev Jesse Jackson.

Polls put him firmly among the outsiders. Moreover, he has been relatively late into the field. However, he has attracted the support of some wealthy Democrats, 17 of whom pledged in April to raise $250,000 each for him.

Progress towards democracy halted by interim government's decree

Threat of violence hangs over Haiti

HAITI'S LABOURED and violent moves to end three decades of the former Duvalier dictatorship have been halted by the unilateral takeover of the fledgling electoral system by the interim military-dominated government.

Canute James, recently in Port-au-Prince, finds major political problems following the political demise of President Jean-Paul Duvalier

The move is intended to maintain military control, or at least a strong influence, on the government to be elected in November – the first major free vote in 30 years.

The interim government, led by army chief Lt Gen Henri Namphy, decreed that it, and not the provisional electoral council established three months ago, will be in charge of all elections. The electoral council's role has been reduced to merely proclaiming when elections will take place.

This has fuelled protest in the impoverished Caribbean nation of 6m people , with more than 70 labour, political and religious groups calling for a general strike from yesterday. Violent street protests are expected this week.

The government's move to go back on the undertaking to leave the elections to the independent body, approved overwhelmingly in the April referendum, is likely to cause concern in the US, although no threat to US policies. It has been giving substantial financial and material support to the administration in the hope of containing the violence of the past two years.

Haitian political leaders say the government's move has left the country facing its biggest crisis since the overthrow of the Duvalier dynasty in February last year.

They also say the move supports widely-held suspicions among Haitians that the interim government, prodded by elements still supportive of former President Jean Paul Duvalier, who fled to France during national public protests, was not serious about its intention to hand over power to the civilians.

"This is a flagrant violation of the constitution and we are demanding that the government immediately nullifies this decree", said Mr Thomas Desulme, leader of the National Labour Party, and one of the 75 likely contenders for the presidency.

Mr Louis Dejoie of the National Agricultural Industrial Party said the government's decree had thrown the country's new constitution into the garbage.

"We had started out so well with democratisation to make a new Haiti ", he complained. "Now with the stroke of a pen the government has thrown out the constitution and refused to have any dialogue with the electoral council ".

Mr Desulme and Mr Dejoie joined other prominent political leaders, such as Mr Marc Bazin of the Movement for the Installation of Democracy and Mr Gregoire Eugene fo the Social Christian Party, in a public statement attacking the government's move to commandeer the electoral system.

But the government intends to stand by its decision despite the protests. "It does not interest us whether the decree is considered constitutional or unconstitutional", said Mr Jacques Lortbe, the Information Minister. "Withdrawing this decree is not something that we will consider ".

The clumsy manner in which the government issued its decree, and the certainty that it will add fuel to a nation seething with anger at what it perceives a slow pace towards democratic reform, suggests a split in the interim government.

Diplomats in Haiti see it as the work, not of Lt Gen Namphy, but of his deputy, Brigadier General Williams Regala – once an influential force in the dictatorship and whose appointment to the interim government contributed to the recent turbulence.

"There is little evidence that Lt Gen Namphy will go back on his word to step down," said an official, "and one is baffled trying to read the reasons for this action which is known will provoke widespread opposition."

With popular approval of a new constitution last April, and with nascent political parties jostling for support, the pace at which the dictatorship was being dismantled appeared too fast for the military strongmen.

Having placed the 7,000 man-army on alert to deal with expected protests, the interim government has also placed the US in a somewhat embarrassing position.

It had backed President Duvalier to the last week of his rule. Now the US has been trying to polish its image in Haiti by insisting that the interim administration would receive help only when there were clear signs of a real desire to install an elected government.

It was on this basis that Washington doubled its financial assistance to $100m this year.

But there has been little to show for it. With 60 per cent unemployment; a per capita income of about $270; with less than one per cent of the population controlling 95 per cent of the country's wealth; and with social services minimal, abject Haitians have seen little change since the fall of Duvalier.

They are now likely to conclude that the government's election takeover is intended to manipulate the vote, and that this is being done with the tacit support of the US.

"Things political in this country will not be decided between the right and the left," said Mr Louis Chablis, a teacher. "Ninety per cent of Haitians are Catholics, and it is the Catholic Church which helped to drive Duvalier out.

"Our war in Haiti will not be fought by the Americans and the Cubans, but by the Church and the Army. Our president – when we have one – will be supported by either the priests or the generals."

NBC strike fails to halt programmes

ABOUT a third of the staff of the US television network NBC went on strike yesterday but the corporation said this had not affected programmes, Reuter reports from New York.

Managers had been trained to step into the positions of many of the producers, news writers, editors and technicians who walked out at midnight last night. No reductions in programming, much of which consists of repeats for summer, were expected, NBC stated.

The strike was by members of the National Association of Broadcast Employees and Technicians (Nabet)—2,800 of NBC's 8,000 workers. The company had unilaterally imposed a new contract.

Picket lines formed at five television stations owned and operated by NBC around the US, at NBC news bureaus in five cities, and at 13 network studios and offices in the New York area, said Nabet. Many people, some brought from foreign news bureaus, crossed picket lines yesterday, the union added.

Panamanian discord puts Washington in a quandary

BY ROBERT GRAHAM, LATIN AMERICAN EDITOR

THE RECENT unrest in Panama and the damaging series of allegations made against Gen Manuel Antonio Noriega, the country's military strongman, linking him to electoral fraud, are forcing an uncomfortable dilemma on the US government.

It has to decide whether to press openly for the establishment of democracy in a country where it has a vital strategic interest—the Panama Canal. Until now, the Reagan administration has preferred to press behind the scenes, for fear that overt US involvement in Panama's internal affairs might provide Gen Noriega with the excuse to rally public opinion on a nationalist, anti-American platform.

However, the administration's hand is being forced by a tough line from the US Senate, which called last week for the removal of Gen Noriega and the establishment of full democracy in Panama. This prompted the withdrawal of the Panamian ambassador in Washington as a protest.

A prime State Department consideration has been to achieve a symmetry in its Latin American foreign policy while not prejudicing US interests in Panama. This means seeking to balance the State Department's desire to be tough with the left-wing regime in Nicaragua and also with right-wing military governments.

The Pentagon on the other hand has traditionally held a powerful voice in policy towards Panama where it is responsible for defending the Canal and has some 9,000 troops based.

The Pentagon has preferred to deal with the military as guaranteeing the best stability for the Canal. This view is now being seriously challenged, with a growing body of opinion in Washington arguing that the persistence of the military led by a discredited Gen Noriega encourages greater instability.

The US Government is inhibited from taking a clear-cut position not ony by these conflicting opinions within Washington but also by the divided nature of the Panamanian opposition and the way in which the military in Panama have rallied behind Gen Noriega.

Sharp drop in sales of US family homes

SALES of new single-family homes in the US, a key economic indicator, fell 14.9 per cent in May, the biggest drop for more than five years, the Commerce Department stated yesterday, Reuter reports from Washington.

Many financial analysts had expected home sales to fall in May because of higher mortgage rates.

The Deparement also said April home sales were not as robust as had been reported. These rose by 1 per cent, instead of the 7.6 per cent reported last month.

The May decline brought new home sales to a seasonally adjusted annual rate of 616,000 —the lowest annual rate since December 1984.

The drop in May was the largest since January 1982, when home sales fell 14.9 per cent, the Department said.

Peru to step up subversion drive

BY BARBARA DURR IN LIMA

THE ADVENT of Mr Guillermo Larco Cox, from the conservative wing of the ruling Apra party, as Prime Minister in Peru is expected to toughen the Government's action against subversion.

He and his new Cabinet were to be sworn in yesterday.

Mr Larco Cox will closely oversee the creation of the new Ministry of Defence, which will supersede the existing three ministries of the army, navy and air force.

The new Prime Minister, who has been a key promoter of a defence ministry, will have the delicate task of trying to smooth the feelings of the military.

International economic policy, in which President Alan Garcia is the key actor, is not expected to change. His limit on foreign debt service payment—set at 10 per cent of annual export income—will remain in place. He is not expected to restart talks with the International Monetary Fund, where the country is ineligible for loans.

The appointment of Mr Gustavo Saberbein, who has moved up from vice-minister to Minister of Economy and Finance, is widely interpreted in the business community as meaning no change in economic policy. Rather, the economic programme of stimulating demand and controlling prices is expected to be relaunched.

Mr Garcia is to announce new economic measures on Thursday. These are expected to include a new price freeze to restrain inflation, an increase in the minimum wage and a rise in the price of petrol to enhance government revenues and help reduce the rising fiscal deficit.

The Lima Chamber of Commerce complained that the Government's plan would increase inflation through excess demand. It also said that, if the Government was attempting to transfer costs to business with a new price freeze, this would result only in scarcities and public discontent.

For business, the Government is expected to offer lower fuel costs and give exporters more generous exchange rates. It is estimated there will be a disguised overall devaluation of 15 per cent.

The Government is not expected to devalue the inti directly more than the current 2.2 per cent a month. The estimated cost in foreign reserves for the programme is $400m to $500m until the end of the year.

● The names of two members of the new Peruvian cabinet were printed incorrectly yesterday due to typographical error. They are: Mr Gustavo Saberbein, Minister of Economy and Finance, and Mr José Barsallo Burga, Minister of Energy and Mines.

Egypt 'will be allowed to make US battle tank'

EGYPT WILL be allowed to produce the US main battle tank, the M1A1 Abrams, under the terms of a recent agreement, the Washington Post reported yesterday, AP writes from Washington.

The controversial move, which has not been transmitted formally to the US Congress, will transfer sensitive technology to Egypt and help that country's bid to become the dominant arms merchant in the Arab world, the newspaper said.

"A decision has been made at the highest level to go ahead with production of the M1 tank in Egypt," the Post quoted an unidentified US official as saying.

A White House spokesman commented that he had no information on the reported agreement. The Defence Department said likewise.

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UK MOTOR COMPONENTS

A industry squeezed from every side

By Kenneth Gooding, Motor Industry Correspondent

THE DECLINE of the UK automotive component sector in the past few years has been so severe that Austin Rover, Britain's major car producer, has had to look outside its home base for a long list of products—including some which, on the face of it, seem relatively mundane, such as radio aerials and mirror glass.

Andy Barr, the company's director of manufacturing operations, says that, for technical or commercial reasons or simply because they are not made in Britain any more, Austin Rover buys the following outside the UK: Gas-filled suspension struts, self-levelling suspension units, automatic gearboxes, plastic raw materials, in-car entertainment units, full electronic anti-lock braking systems, precision forgings for suspension and gearbox, small electric motors, air flow meters and fuel injectors, fuel hoses, electric seat slides, high performance tyres, seat reclining mechanism and seat belt webbing, as well as the aerials and mirror glass.

Virtually all tyre development is also carried on outside the UK and the country's forging industry has fallen well behind competitors elsewhere in Europe, meaning that many precision forged items are no longer obtainable in Britain.

And the decimation is continuing. Lucas Electrical is to stop producing car instrument panels; has sold its vehicle lighting division to a company which Fiat will ultimately take over and has put its starter motor and alternator operations up for sale. It is also seeking partners for its switches and indicators business and engine management systems division.

It is facts like these—along with the dismal trends illustrated in the charts—which led the House of Commons Trade and Industry Select Committee to set up an inquiry into the future of the UK motor components sector. The committee is expected to report in mid-July.

The reasons for the decline are easy to pinpoint. An important factor was the sharp contraction of car production in the UK: from nearly 2m in 1972 to just over 1m in 1986.

The sudden appreciation of the pound between 1979-81 also caused a substantial fall in commercial vehicle output—and contributed towards the demise of Bedford's medium and heavy truck business and the sale of Ford's UK truck operations and Leyland Trucks to overseas interests. At the same time the overvalued pound made it very difficult for UK-based component producers to build up sufficient export business to compensate for the loss of domestic orders.

But recently there have been signs that the decade of decline for the components sector could be at an end. Car production in the UK is on the way up again. Many of the component companies have rationalised, reorganised and are now much more competitive. And with the pound back at its 1979 level, prospects for component companies in export markets should be brighter.

Much of the optimism within the industry stems from the UK car producers' forecasts indicating that collectively they could be producing an extra 250,000 cars a year by 1989 and 475,000 by 1991 to add to the 1.02m made in 1986.

But doubters point out that these forecasts should be treated with considerable caution because they depend on ambitious targets for productivity, quality, exports and market share, not to mention a continuing competitive level for sterling. For example, General Motors says the predicted 30 per cent increase in output at its Vauxhall subsidiary in the medium term depends on exchange rates remaining about where they are today and on the company achieving a 25 per cent reduction in costs.

And even if the targets are met, the increase in car production will not help UK suppliers unless the extra vehicles have a high British content. Garyl Rhys, professor of motor industry economics at University College, Cardiff, and advisor to the select committee, points out that "in practical terms the recovery of car output will help the larger component companies only if the UK ex-works value of these extra cars is over 80 per cent.

Nissan, it is worth noting, has undertaken to start production at its UK factory with a European content of at least 60 per cent, building to 80 per cent as quickly as possible. It is expected that most of this European content will come from the UK.

Whether this will help domestic component manufacturers depends to a great extent on which companies supply them when Nissan brings its annual 100,000 "British" cars to market. If the Nissan cars cut imports, the effect will be beneficial. If they are bought as substitutes for Austin Rover products, damage will be done.

According to United Engineering Steels, the private sector special steels company owned jointly by British Steel Corporation and GKN, only Austin Rover, Ford, Jaguar and Land Rover build truly British cars. (General Motors' Vauxhall subsidiary and Peugeot Talbot, owned by the French group, assemble cars largely from imported components.) It would take four or five Nissan cars assembled at Washington, Tyne and Wear, to reach the UK content of one genuinely British car, in the opinion of Alistair Brown, chief executive of UES's United Engineering and Forging division.

Prof Rhys says that, although there are 2,000 companies involved in the UK automotive component business, the sector's future depends on the 100 or so companies which account for 80 per cent of the sector's output and employment. "The UK market alone may allow the 1,750 or so smaller companies (or large companies with a small part of their output to the motor industry) to prosper. But it is of insufficient size to allow sales that in turn will generate the resources needed for larger component companies to fund new products, encourage research and development or to give sufficient economics of scale. Only companies which support components of excellent quality and design at competitive costs with international sales can expect a secure future."

The problem is that only a minority of even the top 100 suppliers have an international presence and the average component maker exports less than 10 per cent of its output.

Those few major UK component groups which do operate internationally tend to be pessimistic about the potential in Britain. Mr Roy Roberts, GKN's managing director, told the select committee: "It is unlikely that British component manufacturing businesses which do not have plants outside the UK and whose customers are therefore confined to UK vehicle builders—who together supply less than half the home market—will be sufficiently profitable to survive in the long term."

GKN's Mr Roberts also suggested that the fall in the value of the pound was not particularly helpful. GKN had never taken an investment decision based on exchange rates because the lead times in the motor industry are so long that by the time any plant is built the exchange rates will almost certainly have changed.

In spite of this, there are some potential bright spots. The UK industry could, for example, benefit substantially from the efforts which Ford and General Motors, the Vauxhall group, are making to switch more component sourcing in the UK. They have found themselves too heavily committed to buying in West Germany, a country whose currency seems set to remain highly-priced for some years.

But Bill Hayden, Ford of Europe's production director, says there are few signs of UK suppliers taking advantage of this.

Yet in the UK labour costs are about $8 to $9 an hour compared with $19 in West Germany. And labour accounts for about 30 per cent of total car production costs.

"If the UK industry can't compete when it is paying only half the German wage, there is no hope," commented Mr Hayden.

Mr Ray Jewitt, a director in the London office of A. T. Kearney, which specialises in motor industry consultancy, suggests that, in part, the lack of reaction should have been expected because managements have focussed so long on retrenchment.

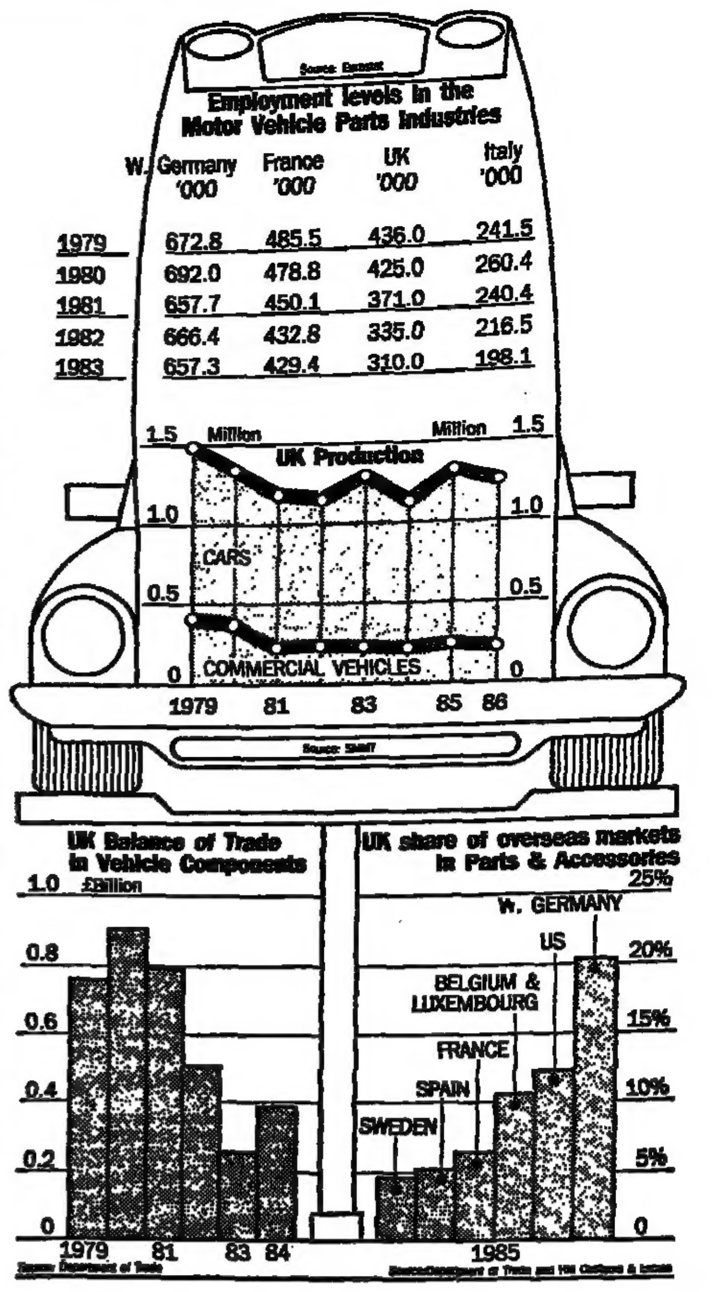
The availability of low-cost British labour is only part of the competitive story, adds Mr Jewitt. Too many UK component companies, particularly the small ones, have not invested in modern equipment

Austin Rover's Andy Barr confirms this point: "In spite of the action we have taken to reduce our supply base from 1,200 to 700 companies since 1982, providing long-term agreements to give suppliers confidence in the future, there has been a lack of substantial investment. High UK interest rates and concern about the future of the UK vehicle industry have not encouraged

Even those smaller companies which do have a competitive edge, says Mr Jewitt, lack the resources to build export contacts. He thinks there is a role for Government here.

"The new Government should encourage small and medium-sized groups to form joint ventures. The Department of Trade and Industry should see which companies could benefit and set up some mechanism where companies could look for ventures, talk to one another.

But Government officials seem to feel that they are already doing what they can to help, particularly by pressing Ford and GM to open up their continental production to UK components and by trying to identify those components used by other vehicle manufacturers which British suppliers might now bid for. Lord Young, the new Industry Secretary, is unlikely to want to go much further.



Employment levels in the Motor Vehicle Parts Industries

	W. Germany '000	France '000	UK '000	Italy '000
1979	672.8	485.5	436.0	241.5
1980	692.0	478.8	425.0	260.4
1981	657.7	450.1	371.0	240.4
1982	666.4	432.8	335.0	216.5
1983	657.3	429.4	310.0	198.1

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UK NEWS

BA close to decision on TriStar replacement

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS expects to take a decision later this summer – possibly in early August – on a new $1.5bn to $2bn re-equipment programme to replace its existing ageing 19 Lockheed TriStar jet airliners.

Mr Colin Marshall, chief executive, said after yesterday's annual meeting of the airline in London, *that the final offers from the manufacturers*, including Airbus Industrie, Boeing and McDonnell Douglas, were now coming in.

Over the next few weeks, the airline would be studying them in detail, and it hoped to make a choice within a few weeks, although there was no guarantee that the decision would not slip back a little in time.

"It is a very complex choice", Mr Marshall said, "and we may want to clarify some of the points the manufacturers make in their offers."

BA's *TriStars currently fly on* both long and short routes, and BA is looking for two different aircraft types to replace them.

For short routes, the choice lies between the European Airbus A-300-600 and the Boeing 767, both twin-engined airliners.

For long-routes, the choice lies between *the three-engined* McDonnell Douglas MD-11 and the four-engined Airbus A-340, both recently launched for service in the early 1990s.

BA will need up to 10 aircraft in each category, with delivery sought in the early to *mid-1990s*.

It would prefer to see Rolls-Royce engines installed if possible. This should be no problem with the Boeing 767 and McDonnell Douglas MD-11, both of which could use the latest Rolls-Royce RB-211-524-D4D engine of more than 58,000 lbs thrust.

It would be more difficult, however, for the Airbuses. The A-300-600 currently uses US-built General Electric or Pratt & Whitney engines, and the cost of certificating a new Rolls-Royce for it would be considerable.

The A-340 was originally planned *to use* a *multi-national* engine – the V-2500 Superfan – from the International Aero Engines consortium in which Rolls-Royce has a 30 per cent stake. But that engine has been dropped, and the A-340 is now commited to a Franco-US engine, the *CFM-56*.

This appears to give the Boeing 767 and the McDonnell Douglas MD-11 the edge in the selection battles now taking place in the short range and long range areas.

Mr Marshall made it clear that BA was expecting *Airbus* to produce some tempting inducements to overcome the engine difficulty.

The TriStar replacement decision was the most immediate re-equipment problem facing the airline, said Mr Marshall, but eventually *other decisions on new aircraft* would arise.

At some stage, a replacement for the existing ageing fleet of 27 short-range One-Elevens would have to be found, with possibly also a decision on a 150-seater for short routes where a larger aircraft was required.

These choices would also be complex, with such aircraft as the Boeing 737 twin-engined aircraft; the projected new Boeing 7J7; and the Airbus A-320 all in the running.

Accountant jailed three years for defrauding small investors

FINANCIAL TIMES REPORTER

ANDREW WARBURG, a City of London businessman, was jailed for three years yesterday for a multi-million pound swindle which lost hundreds of small investors their life savings.

His company, which crashed in 1981, lost investors about £2.5m, the Old Bailey court in London was told. Mr Warburg, a chartered accountant, admitted fraudulent trading and *false* accounting between October 1978 and March 1981.

Mrs Barbara Mills, the prosecution lawyer, said Mr Warburg persuaded the public, including some retired Bank of England employees, to invest cash for his company, Norton Warburg, to manage.

"By the time the company collapsed 400 people had invested with them. These funds often either represented their life savings or sums they had acquired on their retirement," Mrs Mills said.

Warburg set up his business in 1973 when he was 29, but by October 1978 he was insolvent.

Until then the company had operated properly and honestly, Mr Vivian Robinson, the defence lawyer, told the court. The Bank of England's pension section had recommended Norton Warburg to its retiring employees.

One of its "substantial" investors had been members of the pop group Pink Floyd, he said. But in September 1978 they ended their agreement and withdrew £860,000, putting the company in a "very difficult position."

Mr Warburg continued to operate the company for almost three more years.

Mrs Mills said investors received quarterly accounts to show their funds were intact, "although the cash element of their portfolio had mainly been spent on keeping the company afloat."

Mr Warburg misled the Bank of England about his company's true position by giving it a false balance sheet after the 1979 Banking Act demanded that companies like his should be licensed.

Mr Warburg had not been personally enriched by the fraud, the court was told. He was now unemployed.

Mrs Mills said most of the money went on unwise investments or day-to-day expenses to keep the firm going.

When it collapsed, Mr Warburg filed for bankruptcy, but went to live in Spain in 1982 before the hearings were complete. He remained there until 1985 when he informed British authorities he was returning. He was arrested as he arrived at London's Heathrow airport.

Mr Warburg's victims included Mrs Kim Knudsen, a widow with a deaf and dumb child. She wanted cash for her son's future but lost £10,000, the court was told.

Exporters attack provisions for aid

By Peter Montagnon, World Trade Editor

INDUSTRIALISTS say they were insufficiently consulted in the preparation of the House of Commons Foreign *Affairs Committee's report* on Britain's overseas aid policy, issued last week.

Exporters are particularly concerned about the reservations contained in the report about the so-called Aid and Trade Provision (AIP) under which aid is made available to back commercial contracts for projects *in developing* countries.

The committee found that ATP created a conflict of interest between the development objectives of aid and the desire to support particular companies seeking export orders. *It said* ATP should be separated from Britain's main aid effort.

In a strongly-worded *attack* on its conclusions yesterday, the Export Group for the Constructional Industries said the committee "had shown a touching faith in the completely *unsubstantiated opinions of* academics representing the discredited *school of so-called development* economics."

According to the Export *Group*, a recent *study* of aid and trade in France, which had been adopted by the French Government, showed that for each $1bn of overseas construction work *performed* by French companies, 25,750 jobs were created and $1.4bn was added to France's GNP.

Describing aid as a "matter of mutual interest, not charity," the Export Group noted that all Britain's *main trading partners* spent more on aid than the UK whose policy was characterised by an "almost unique combination of meanness and shortsightedness."

According to figures published by the Organisation for Economic Co-operation *and Development* yesterday, British aid spending last year fell to 0.32 per cent of GNP from 0.33 per cent in 1985. France, Germany and Italy all spend more in cash terms than the UK.

"A good part of it is structured to *support* particular *projects* as part of aid and credit mixed packages. Whatever the development economists say, this is what beneficiary countries want," the Export Group said.

Owen wins first round in fight against merger

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

Dr Owen: not willing to negotiate

DR DAVID OWEN, *the Social* Democratic Party (SDP) leader, last night won the opening stage of what promises to be a short but bitter public battle within the SDP to prevent a *merger* with the *Liberal* Party.

The party's national committee voted by 18-13 to back him in rejecting intense pressure from within his own party and from the Liberals to merge and in supporting moves to establish new and closer constitutional ties with their political partners.

SDP members will vote on the issue next month and Dr Owen and his supporters will mount an intense campaign to combat the argument for full and early union with the Liberals, which will be put forward by pro-merger elements within the party leadership.

Dr Owen called on the SDP's 60,000 members to stand up to what he described as flagrant attempts by the Liberals to bounce his party into a merger. Openly angry that the issue had been brought to a head within weeks of the general election, he said the SDP was "not prepared to negotiate under ultimatum."

It was unreasonable, he added, for the party to be told that it faced a straight choice either to merge or to separate. Dr Owen also repeated his determination not to play a role in any new party created by an SDP-Liberal merger.

Denying that his stance represented any form of threat, he added: "I wish it well if it happens, but it is not for me. I have changed my party once and that is enough. I am a Social Democrat and will remain one."

Dr Owen said he would not participate in any necessary, post-ballot merger negotiations but would expect to go on representing Plymouth Devonport as a Social Democrat MP. He said that if the membership voted against a merger then the SDP would want to forge "a deeper, closer, better relationship with the Liberals, but also a clearer one."

The anti-merger move, was not an attempt to weaken, separate or fracture the Alliance but he and his supporters had wanted a quieter, low-key examination on the constitutional options over a longer period of time.

In one important concession designed to diffuse accusations that the pro-merger faction within the SDP leadership was supporting a heavily biased ballot motion, Dr Owen and the other four members of his parliamentary party agreed to changes in its wording.

Guidelines for radio accepted by IBA

By Raymond Snoddy

THE INDEPENDENT Broadcasting Authority (IBA) *yesterday unveiled* its bid to remain the regulatory body for commercial radio in the UK by accepting Government proposals that commercial radio *should be regulated* "with a lighter touch."

The authority, which owns and runs commercial radio transmitters, said in evidence to the Home Office it accepted that radio stations could in future buy and operate their own transmitters if they wanted to.

The IBA also accepts proposals that in future Britain's commercial radio sector should be organised under a looser licensing system rather than the present award of franchises based on detailed contracts by the IBA.

It was responding to the discussion paper on radio which envisages up to three new national commercial radio channels and as many as 500 local and community stations.

Lord Thomson, chairman of the IBA, conceded that there was no longer any point in asking for the enforcement of standards "that are in the real world unenforceable."

Murdoch tops Maxwell's offer for Today with late bid

BY RAYMOND SNODDY

MR RUPERT MURDOCH, chairman of News International, intervened dramatically yesterday in the battle for ownership of the Today newspaper with a last-minute increase in his bid for the loss-making national daily.

The bid came as Mr Robert Maxwell, of Mirror Group Newspapers, was finalising the details of an agreement to buy the paper. Yesterday morning Mr Eddie Shah, the founder of Today, signed an agreement to transfer his 10 per cent stake to Mr Maxwell in the event of Lonrho selling the colour tabloid.

Press releases to announce the sale were being written when Mr Maxwell apparently found out that there had been contact during the day between Mr Murdoch and the Lonhro organisation, which owns Today.

Yesterday afternoon Mr Maxwell issued a statement saying he had pulled out of the negotiations. He was said to be extremely angry at the unexpected turn of events.

The Mirror proprietor believed he had an agreement in principle with Lonrho, which saved Today from collapse a year ago. Maxwell offered £10m for Today and agreed to take responsibility for £30m in loan stock.

Two weeks ago Mr Murdoch had talks with Mr Tiny Rowland, chief executive of Lonrho, that ended abruptly when Mr Maxwell entered the fray.

The original Murdoch offer involved a range of payments linked to Today's future success. If Today's circulation had leapt ahead, Mr Murdoch would have paid Lonrho £40m. News International confirmed last night that it had reopened negotiations with Lonrho.

News International already has a contract with Today for the colour printing of 1m copies a week of its Sunday newspaper, News of the World.

Today is expected to lose £30m in the year to September, but circulation – now 330,000 – and advertising revenue have been rising and in recent months losses have been reduced to about £1m a month.

Alba points to large find for Chevron

BY LUCY KELLAWAY

CHEVRON, the US oil company, yesterday announced results of a successful offshore well which could point the way to one of the largest finds in the North Sea since the 350m barrel Miller field was discovered in 1983.

The appraisal well was the third to be drilled on the "Alba" prospect. The results, showing a flow rate of 9,000 barrels a day – were the first to be made public.

Rumours of excellent results *from the first two wells had led to* heated speculation in the industry and the City of London over the size of the field, with some estimates of recoverable reserves stretching as *high as 600m* barrels.

Wood Mackenzie, the Edinburgh-based stockbroker, said yesterday that the latest well gave credence to its previous estimate that Alba contained 250m barrels of oil.

Chevron said yesterday that more work needed to be done to assess the full potential of the field, and an active seismic and drilling programme on the field was continuing.

The economics of the prospect may be adversely affected by the quality of the oil, which is heavier than most North Sea grades, and by the unusually complex nature of the reservoir. However, Wood Mackenzie said that despite these problems it was a likely candidate for development.

Rail pension fund's Old Master prints fetch £2m at auction

BY ANTHONY THORNCROFT

BRITISH RAIL'S pension fund yesterday disposed of its collection of 98 Old Master prints through Sotheby's, the London auction house, for £2,048,013.

Although slightly above expectations, the total leaves open the question of whether the fund's decision to diversify into works of art was a sound one in investment terms.

The fund decided to buy works of art in 1974 when traditonal forms of investment, such as shares and property, were in the doldrums. By the time the experiment was ended in 1980 £40m had been spent on about 2,000 works of art, ranging from Impressionist pictures to Chinese ceramics. The sale of the Old Master prints was the first large dispersal.

After the sale Mr Maurice Stone*frost, the fund's manager, said:* "This has been a bit of a dry run for us. We will probably be selling a large part of our art works when the market is right."

Mr Stonefrost calculated the return was 3 per cent above the rise in the Retail Price Index over the period. In total £641,000 had been spent on Old Master prints in six years. Fifty-two of the lots had been bought at Sotheby's auctions. Sotheby's had also acted as adviser to the fund, a relationship which attracted some criticism.

The top price yesterday was £242,000 – including Sotheby's 10 per cent buyer's premium – paid by Mr David Tunick, a New York dealer, for The Three Crosses by Rembrandt, generally agreed to be the masterpiece in the collection. The price was, however, disappointment: the print carried a top estimate of £300,000.

In contrast , the most modestly-priced lots received the greatest appreciation. Death and Three Nude Women , a tiny engraving by Hans Beham, which cost the fund £100 in 1975, sold for £1,430.

A typical return was probably the five-fold rise in price achieved by St Philip by the Master E.S., which was bought at Sothebys in 1979 for £13,200 and sold there yesterday to the dealer Boerner for £72,600. Boerner which has shops in Dusseldorf and New York, was the main buyer at the sale, spending almost £1m.

The true test of the fund's buying skills will come when more important items, such as The Blue Boy by Picasso, which cost £560,000 in 1977 and a 12th century carved candlefoot bought for a high £550,000 in 1978, appear on the market.

Lex, Page 24

Eli Lilly attacks Opren claimants for delays

BY TONY JACKSON

THE OPREN Action Group, representing those *claiming* to have suffered from the effects of the arthritis drug Opren, was attacked yesterday by the drug's makers for allegedly refusing to provide medical evidence which could *lead* to settlement.

Eli Lilly, the drug company, said the group was responsible for unnecessary delay in providing essential medical information on more than 90 per cent of the 1,425 cases forming the basis of the present legal proceedings.

Mr Richard Bailey, managing director of Lilly Industries, said: "We have been asking for this information for over two years, and indeed it has been the subject of court orders."

Mr Bailey conceded that there were likely to be deserving cases among the plaintiffs. He said:"We feel we have no legal liability in any *of the cases, but we have moral re*sponsibility in that we marketed the drug."

He said he thought the claimants had been badly advised. "I believe that if medical evidence on deserving cases had been brought to us on an individual basis, there would have been settlements. The mass actions being sought have been to the detriment of a number of cases."

Mr Bailey said he had yesterday met a representative of the still unidentified benefactor who has offered to give financial help to the plaintiffs.

"I emphasised that Lilly was not the obstacle to a fair and reasonable solution of these cases," he said.

The identity of the helper is expected to be made known today.

Station catering to be privatised

BY OUR LABOUR STAFF

BRITISH RAIL is to privatise its Travellers Fare station catering subsidiary which made a profit of £4.6m in the last financial year.

The National Union of Railwaymen (NUR) said it received formal notification *yesterday of BR's* intention from July 1 to invite competitive tenders for 346 Travellers Fare outlets at 166 stations.

News of BR's move came on the opening day of the annual conference of the NUR, which represents *most of the 2,000 Travellers Fare* employees.

Mr Jimmy Knapp, the NUR general secretary, said BR had put the tendering process in the hands of a *London estate agent.* The first sites would be handed over to contract management after September 1.

Mr Knapp, whose union yesterday launched a big anti-privatisation campaign, said: "So much for the dog-eared British rail sandwich, which has suddenly become a great attraction."

UK NEWS

Labour urged to heal splits and work for unity

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

A LABOUR PARTY split by internal wrangling offered the one certain way to "let the Tories off the hook and in for a fourth, successive term," Mr Derek Foster, Labour's re-elected chief whip (parliamentary manager) warned yesterday.

Mr Foster, who was returned unopposed to his post by the Parliamentary Labour Party (PLP), said yesterday that the Government's majority did not make it impregnable and he saw opportunities for real and positive achievements by Labour in the new parliament.

Emphasising the need for unity within Labour's ranks, Mr Foster called for an open dialogue between the leadership and the party.

He said all sections had to work together to construct "a language of socialism with strong electoral resonance."

Mr Foster said the influx of 69 new Labour MPs, committed to radical policies and eager to campaign in parliament and in the country would give a substantial boost to the 180 Labour members who were returning to Westminster.

Tomorrow, the result of the ballot for the new chairman of the PLP will be announced. The vacancy, created by the retirement from parliament of Mr Jack Dormand, is being contested by four MPs.

They are Mr Merlyn Rees, the former Home Secretary, Mr Bruce Millan, the former Scottish minister, Mr Stan Orme, Labour's energy spokesman in the last House of Commons, and Mr Max Madden, a member of the hard-left Campaign Group.

Nominations for the 15-member parliamentary Committee, from which Mr Neil Kinnock, the Labour leader, will choose his new shadow cabinet, close on Thursday.

Mr Kinnock is expected to make substantial changes to his front-bench line-up, not least because of the departure of Mr Denis Healey as foreign affairs spokesman and the reported wish of Mr Roy Hattersley, the shadow Chancellor of the Exchequer, to take another portfolio.

In line for promotion are Mr Bryan Gould, Labour's campaign co-ordinator during the election, and Mr John Smith, the party's trade and industry spokesman in the last parliament.

INVESTOR PROTECTION IN THE CHANNEL ISLANDS

Offshore funds seek legal security

BY EDWARD OWEN

OFFSHORE FUND managers in the Channel Islands, the islands off the French coast which are British sovereign territory, are waiting anxiously to see if new investor protection legislation being introduced in Guernsey and Jersey will prove sufficient to enable their products to be marketed freely in the UK and other EEC countries.

The islands hope to be recognised as offering equivalent investor protection to that in Britain and to secure "designated territory" status under the *Financial Services Act*. If not, each Channel Islands-based fund would have to be individually approved by the Secretary of State at the Department of Trade or his counterpart in other EEC countries - a procedure that it is feared would be slow and uncertain.

The Channel Islands' authorities are particularly keen that nothing should hamper the advance of their fund business, because this is seen as one of the areas in which their currently overheated economies can continue to grow without putting undue strain on staff resources and office space.

The total investment in Jersey-managed funds rose by 40 per cent during 1985-86 to £3.5bn and is now put at more than £4bn. Guernsey's figure is unknown, but is thought to be not far short of Jersey's. Nearly 350 funds are being run from Jersey, while Guernsey claims around 450 - although it is not clear whether the islands use the same criteria in defining separate funds.

Whereas a year ago Guernsey was receiving one application a week to launch new funds, the rate is now three or four a week. There is a backlog waiting to be processed.

While British and other expatriates provide a substantial part of the market for Jersey and Guernsey funds, it would be a blow if obstacles arose to selling the islands' products in mainland Britain.

Guernsey has already applied under Section 130 of the UK Financial Services Act for "designated territory" status for its insurance-linked investment business, on the strength of having introduced a comprehensive Insurance Business Law at the beginning of this year.

On Wednesday a Protection of Investors Law closely modelled on UK legislation was approved by Guernsey's parliament. While this enabling law has been widely framed so that it can eventually cover various types of investment business, it is being applied initially to collective investment schemes to enable an application to be made for "designated territory" status under Section 87 of the UK Act.

Jersey has approached the problem differently by producing legislation - still to be lodged with the island parliament - specifically dealing with collective investment schemes and life-assurance-based investments.

Up to now the islands have used control of borrowing legislation to vet applications for new funds, but this has not provided for any continuing supervision. The new laws will give the authorities supervisory powers similar to those in the UK.

In neither island are any self-regulatory bodies being set up. The supervision will be entirely in the hands of the authorities.

Cable TV group signs single union deal

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS OF the GMB general union have signed a single-union deal with a cable television company which is one of the first to include equivalent employee provisions for casual and temporary workers. This is a growing objective of a number of large unions.

The GMB and the TGWU transport workers are making strong efforts to recruit largely non-union temporary and part-time workers. Last month after a year's negotiations, the GMB signed an agreement with British Cable Services, a cable TV company owned by Mr Robert Maxwell.

The deal with the GMB's Matsa white-collar section, grants recognition to only the GMB.

While it stipulates that both sides should not take any industrial action while a dispute is in procedure, the provisions of the agreement do not constitute a strike-free deal, such as those signed by the EETPU electricians' union and recently sharply criticised by the GMB.

The agreement covers about 500 employees. It provides for all existing and new positions to be filled by permanent workers, unless there is specific agreement to the contrary between the company and the union. The onus is on the company to demonstrate, according to specific, agreed criteria, why a job cannot be filled by a permanent employee.

The agreement also stipulates that temporary and casual workers, must be treated no less favourably than permanent workers.

Banks resist plans to reform export finance arrangements

BY PETER MONTAGNON, WORLD TRADE EDITOR

COMMERCIAL BANKS have told the Government that they will resist proposals for radically reforming Britain's medium-term export financing arrangements unless they are modified to ensure that the return to lenders is maintained.

The Government was formally notified of the City of London's opposition to the new proposals at a meeting between banks involved in export credit business and officials from the Bank of England, Export Credits Guarantee Department (ECGD) and the Treasury.

The proposals, circulated to the banking community earlier this summer, mark a further stage in the Government's efforts to cut the cost of subsidising export credits.

They call for a cut in interest margins paid by the Government to lending banks and for much of the ECGD's existing £10bn portfolio of medium-term export credits to be refinanced in the securities markets to achieve lower costs.

A paper presented to the meeting on behalf of the banks by Mr Michael Madden, of Standard Chartered Bank, argued that the proposals should be modified to ensure that the return to the banks was maintained at its present level, even if the refinancing concept was accepted.

Although a minority of banks with large amounts of export finance on their books still have reservations about refinancing these loans in the bond market, most believe that the savings to the Government from refinancing would be much greater than a cut in interest margins which now range up to 1 per cent.

The Government has agreed to examine this argument in detail before returning for a further meeting with the banks in the middle of next month, but the initial response of the Treasury has been that the availability of savings from refinancing should not be seen as grounds to prevent it seeking savings on margins as well.

Bankers say the Government is anxious to avoid having to backtrack on its new proposals which are markedly more generous to banks than an earlier scheme presented last year. But they believe they are in a strong negotiating position because the Government would face legal difficulties in pushing through a refinancing of existing export credit business without their consent.

Under the new proposals a new set of lending margins would be introduced ranging from 5/16 to 1/2 per cent depending on the size, maturity and currency of the loan involved. Original lenders would receive a residual margin of between 3/16 and 1/16 per cent on debt that was refinanced.

Bankers say these terms imply a return that is insufficient to cover the effort involved in preparing financing schemes for the many contracts which are eventually won by other countries.

If they were imposed, UK export credit finance would become unattractive as a business activity.

MPs attack decision on ferry inquiry immunity

By Tom Lynch

TOWNSEND THORESEN, the ferry operator, came under strong attack in the House of Commons yesterday as MPs criticised the Government's decision to grant immunity from prosecution to those involved in the sinking of the Herald of Free Enterprise outside Zeebrugge Harbour.

Mr Paul Channon, answering questions for the first time as Transport Secretary, said it was normal in such circumstances to grant immunity to those giving evidence at a public inquiry. However, he said he might review the procedure for future cases after the Zeebrugge inquiry had reported.

Mr Richard Stott, Labour's shipping spokesman, said the company had failed to provide safe working conditions or practices and the ship's log did not give an accurate picture of her draft before leaving Zeebrugge. "You have power to deal with shipping companies that flout these regulations," he told Mr Channon.

Mr John Home-Robertson (Labour) said Townsend Thoresen had exposed its crew and passengers to "avoidable peril." Mr Robert Adley (Conservative) said the public inquiry "clearly showed that the company let safety be sacrificed for speed, and negligence was proven. The Civil Aviation Authority would certainly have grounded an airline that had behaved similarly."

Mr Channon refused to comment on the inquiry until he had seen its report, which he expected in about a month. He said it might be necessary to look at the procedures again, but that would not be possible before the inquiry reported.

He said immunity from prosecution was normally granted for fear that prolonged discussion of the evidence at a public inquiry could prejudice a fair trial. However, he reminded MPs that the inquiry had the power to suspend or cancel the certificates of individual officers.

Mr Robert Hughes, Labour's transport spokesman, said it would be wrong if one or two officers were made to carry the responsibility for what was clearly company policy.

He said Townsend Thoresen was "riddled from top to bottom with negligence and disregard for safety procedures."

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MANAGEMENT : Small Business

EDITED BY CHRISTOPHER LORENZ

IT IS ironic that *franchising*, one of the fastest growing ways of doing business in the EC, has no formal legal backing anywhere in the community.

The first step towards ending a legal vacuum which has created growing practical worries for franchisees and franchisors all over Europe was taken in Brussels a few days ago. It comes in the form of a comprehensive European Commission draft regulation which would exempt most kinds of franchising from EC competition restrictions.

Until now, any kind of franchising has technically been contrary to EC rules outlawing market sharing or any kind of company link-up likely to distort free competition. That has not exactly restricted growth of the franchising industry, which has mushroomed since the early 1970s so that it now embraces 85,000 outlets throughout the EC. They have a combined turnover of Ecu 35bn, around 10 per cent of total retail sales.

However, it has allowed anyone who wants to break a franchise agreement to cite EC law as a weapon, as Pronuptia, the Paris-based wedding dress retailer, found to its cost last year. It tried to sue a West German franchisee for unpaid royalties only to find that the case backfired when the franchisee tried to get the contract declared invalid under EC competition regulations.

In the end, Pronuptia got special clearance from the commission to continue franchising in what was the Brussels authorities' first—and long overdue, according to the industry—indication of approval for the franchising business.

But the case nearly drove the French company to collapse and sent tremors through the EC's 1,500 franchise networks. It implied, among other things, that every franchise business in the community had to get individual clearance from Brussels if it wanted protection from EC anti-cartel laws.

Eighteen months after the Pronuptia ruling, the commission now says that it wants to give franchising overall legal backing in recognition of its role as a job-creating stimulant of small business activity. It also argues that the industry can help to improve distribution, far from distorting competition.

The new regulation — which will be refined in meetings between the commission and national officials before it is finally adopted in the months ahead — should make it impossible for Pronuptia-type wrangles to happen again.

It also gives European franchisors and franchisees guidance on how to run their businesses in a way that can be defended in EC law. While less

Franchising is legal at last

BY WILLIAM DAWKINS

comprehensive than the US Federal Trade Commission guidelines on how franchisors should treat franchisees, it comes as an important boon to an EC industry that lacks the benefit of any specific community or national regulations.

"Now we know where we stand. This means that franchisors can draft an agreement and say that it is solid under EC law," says John Ratliff, a Brussels - based franchising lawyer with Stanbrook and Hooper.

The scope of the ruling is restricted to franchises involving the distribution of goods or services, but does not extend to industrial franchising, where a manufacturing process or technology is the subject of the contract. Industrial franchising is covered by a separate draft regulation which provides exemption from competition restrictions on know-how licensing accords and by an existing rule giving clearance for patent licences.

What will most gladden the franchising industry's heart in the 16-page document is specific backing for the practice of restricting franchisees to specific geographic territories. The regulation acknowledges that this is fundamental to making franchising work.

Clearly, franchisees' basic livelihood would be threatened if the strong could poach on the territory of the weak, an idea which would jeopardise the attractiveness of franchising as a protected way into business for the uninitiated. "The limited territorial protection granted to franchisees is indispensable to protect their investment," says the commission document.

A key requirement for franchisors, on the other hand, is to be able to oblige franchisees to buy the franchisors' products, known in industry jargon as "tying." The regulation allows this when the goods are made by the franchisor, and when they are not made by the franchisor it proposes that franchisees can be obliged to sell goods designated by the franchisor. Where neither of those things can be done, the franchisor can lay down "objective quality specifications" for what is sold in its networks.

However, this is not quite *carte blanche* for franchisors to tell their networks exactly what to sell. It only applies when "it is necessary to protect the franchisor's know-how or to maintain the common identity and reputation of the franchised network," a key ambiguity in the new regulation.

It gives useful room for manoeuvre for franchisees dealing with a limited specialist *product, like members of the* Yves Rocher cosmetics network, another business which has been given *individual clearance* by the commission.

Its franchisees find it useful, for instance, to be able to sell products like nail scissors or hair brushes that have nothing to do with Yves Rocher but which still sell well in Yves Rocher outlets. However, experts expect lawyers will have a field day working out just where to draw the line on what franchisors can impose — and that in the meantime the commission will be flooded with inquiries from franchisors wanting to know exactly where they stand.

In other respects, the ruling gives franchisors wide protection. It allows them to force franchisees to keep commercial secrets (though the franchisee can legally challenge franchisors' intellectual property rights) and to prevent franchisees from setting-up lookalike businesses after the end of the contract and not to make major investments in direct competitors.

The general theme is to allow franchisors some protection against being exploited by people taking up franchises as an easy way to get into business, and using the knowledge they pick up on the way to become direct competitors.

But the commission also shows some sympathy for franchisees' rights. The regulation, for instance, does not allow franchisors to fix prices, though they can offer price guidance. Neither does it stop franchisees buying stock from each other, a device intended to allow outlets to make use of lower prices in different member states.

Theoretically, this should also help consumers by encouraging even prices for franchised goods throughout the EC so that Yves Rocher perfume costs the same in Paris and London: a small example of the commission's vision. In another piece of good news for consumers, the regulation insists that franchised goods must bear guarantees *that will be honoured by* outlets throughout the EC.

There are several exemptions *to the commission's franchising* rule. It will not, for instance, countenance networks that restrict competition because of parallel networks." Nor does it allow agreements that cut out customers because of their place of residence, a ruling designed to stop franchise networks from trying to push out competitive parallel imports.

Aware that it might not have thought of everything in the new regulation, the commission has added a gesture to businesses that are unsure whether or not their franchise contracts will be covered by the rules. They will be protected so long *as they notify the commission* of their plans—and if they get no word to the contrary from Brussels within six months, they can proceed without fear.

UK small firms minister

Continuity offers time for measures to work

BY CHARLES BATCHELOR

"I AM IN the business of continuity, not of tearing up old schemes or starting a whole raft of new ones. I don't want people to think that we have been fidgety in altering the old schemes before they have had a chance to understand them."

Thus John Cope, Britain's new small firms minister, on the way he sees small business policy developing in the near future. With much evidence that many small businessmen are not aware of the wealth of programmes that are available to them, this approach is welcome.

It also confirms the move away in recent years from specific programmes aimed at the small businessmen to more broadly-based initiatives aimed at reducing taxes and improving the business climate.

So does this mean that the new minister will have very little to do? Cope says not. The range of existing programmes, particularly the troubled loan guarantee scheme, will be kept under review. While senior men at Britain's banks have been convinced that the guarantee scheme is a good thing, most bank managers *remain sceptical*.

The new minister is also keen to develop existing programmes aimed at inculcating the enterprise spirit in the young. "I want to make school leavers aware of the possibility that they could become employers, not necessarily immediately after leaving school but after a few years."

Some of them may even be encouraged to set up co-operatives rather than the conventionally-organised small business. Conservative ministers have recently waxed enthusiastic about co-ops—traditionally seen as a Labour Party preserve.

"Employee share ownership is the vehicle the British have tended to use as a means of broadening ownership of companies but this does not mean this will continue to be the case," Cope notes.

Cope does not believe there will be a problem in liaising with other government ministries over the role of small firms in the inner cities. The departure of Lord Young and Kenneth Clarke to the Department of Trade and Industry with responsibility for the inner city task forces had appeared to leave the small firms portfolio out on a limb.

But upgrading the small firms minister to Minister of State status reflects the importance the government attaches to the post, Cope believes.

His personal involvement in small firms affairs dates back to the late 1960s when "big was beautiful" and government policy was aimed at encouraging mergers between large companies to *form even bigger groups* like British Leyland.

John Cope: a lot to do

It was while working in the Conservative Party's research department that Cope co-authored with Bernard Weatherill, now Speaker of the House of Commons, a pamphlet "Acorns to Oaks" published in 1969. This was two years before publication of the Bolton Committee Report which triggered the current level of interest in small firms and which Cope says he likes to think his pamphlet helped influence.

"We both thought that one aspect of enterprise which had not received much attention was small business and wanted to redress the balance," he says.

Among the ideas launched in "Acorns to Oaks" was a proposal for a Small Firms Service; for the use of retired managers to advise small firms; and for giving extra consideration to small firms when awarding government contracts. The first two proposals are now reality while the Ministry of Defence is attempting to ease tendering by small firms.

Since that time the outlook for small businesses has been transformed. One issue which is currently attracting attention, particularly among academics, is methods of spotting the winners. Once they have been identified, should help go only to those with prospects for faster growth? Cope is opposed to using tougher selection criteria.

"One thing the government can't do is pick high-fliers," he says. "You have to sow the seed and see which plants grow the tallest. It would worry me if the government or businessmen were to target their efforts too narrowly."

A chartered accountant by training and, until his recent appointment, deputy chief whip, Cope says he welcomes the opportunity to return to his early field of interest. Not, he says, that he is entirely out of touch: "I'm coming from a special small firm called The Whips' Office."

Co-operatives display a will to survive

DESPITE THE poor image *inherited from some of the* less successful ventures set up in the 1970s, co-operatives in the UK have a *survival rate* which compares respectably with that of conventional small businesses, according to an Open University study.*

The sector has grown from fewer than 50 worker co-operatives in 1976 to more than 1,000 at the beginning of this year; about 300 new ones are being formed each year. At the same time the Government is taking an increasing interest in co-ops.

The latest study suggests an average annual failure for co-ops of 13 per cent compared with a rate of 7 to 11 per cent for VAT-registered small businesses. The higher co-op failure *rate is due to the fact* that co-ops tend to be younger and more vulnerable, the study says. *But even co-ops formed* to save foundering conventional businesses show an only slightly higher rate of failure.

The researchers have begun work on alternative measures — other than profitability — to gauge the success of co-ops. Using ratios based on value-added and return on labour they found many showed comparable performance figures to conventional businesses, while a minority grew substantially using their own resources.

Many co-ops were also successful in pursuing broader social goals such as establishing alternative health centres and keeping prices down to make products and services available to the poor.

The report makes 11 recommendations to help co-ops develop further.

It calls for the two main organisations supporting co-ops, the self-financing Industrial Common Ownership Movement and the Government backed Co-operative Development Agency, to work more closely together.

It also wants the smaller co-operative support organisations, which are usually backed by local authorities, to establish a regional network. This would allow them to back larger co-*operatives, promote joint* ventures and provide specialised training, thereby reducing the *isolation in which many co-ops* work.

The restrictions on banks and others on lending to co-ops should be reviewed, the report urges. Co-ops currently rely on public sources of funds: this tends to restrict the size to which they can grow.

The promotion of co-ops should be targeted more energetically at social groups and movements with values which might favour them as well as at disadvantaged groups, the report says.

It also calls for improved management training for co-ops, and urges that small firm training programmes should be adapted to give them a co-operative slant.

**Creating Successful Co-operative Business: A summary report by Chris Cornforth and others. The Co-operatives Research Unit, Open University, Walton Hall, Milton Keynes, MK7 6AA. 16 pages £3. A more detailed report will be published later this year.*

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Financial Times
10 Cannon Street
London EC4P 4BY

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For sale as a going concern, a data communications network business. The network is controlled by a mainframe computer located in London's West End. There are nine operating Nodal stations throughout the country serving various national customers. The company has been trading for nine months and has 18 employees.
For further information please contact:
The Administrator
J. M. Iredale
Shelley House
3 Noble Street
London EC2V 7DQ
Telephone: 01-606 7700
Telex: 884730
Fax: 01-606 9887
Cork Gully

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Garage businesses including forecourt and vehicle sales together with large hire fleet operating from a mixture of freehold and leasehold properties in the North East.
The business and assets of two private companies are offered for sale by the joint administrative receivers.
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- Hire fleet of 180 vehicles (private and commercial)
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KPMG Peat Marwick McLintock
27 Grainger Street, Newcastle upon Tyne NE1 5JT
Telephone: 091-232 8815

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By the Joint Administrative Receivers of
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The Business as a Going Concern of
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Chartered Accountants
6 Raymond Buildings, Gray's Inn, London WC1R 5BP
Telephone: 01-405 1219

S. Wylie Manufacturing Co. Limited
(in receivership)
The business and assets of the above company are offered for sale as a going concern. The company is located in Slough, Berkshire and its activities include precision engineering, the design and manufacturer of textiles machinery and pneumatic descaling guns. This business includes:
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For further details please apply to the Joint Administrative Receivers:
J. M. Iredale and C. J. Hughes
Phoenix House
Station Hill, Reading
Berks RG1 1NB
Telephone: 0734 500336
Telex: 848585
Fax: 0734 508168
Cork Gully

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Write in confidence to: The Chairman, Box H2186
Financial Times, 10 Cannon St. London EC4P 4BY

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Peat Marwick McLintock
KPMG Peat Marwick McLintock
45 Church Street, Birmingham B3 2DL
Telephone: (021) 233 1666

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Sussex Dyers Ltd, Sussex Fabrics Ltd
Toga Fabrics Ltd
The business and assets, comprising premises, plant, equipment, stock, work in progress, order book and goodwill of this dyers and finishers of cloth are offered for sale.
The Companies operate from extensively equipped long leasehold premises/factory/offices in Brighton of 51,000 sq.ft. A further 22,000 sq.ft. is immediately available for expansion and a separate 68,000 sq.ft. of car park with development potential all on an expanding industrial estate.
Current turnover approximately £2m. per annum, capacity available for further expansion.
Further information from the Joint Administrative Receiver R. Bocking FCCA, Evelyn House, 11 Baker Street, London W1M 1DA. Telephone 01-486 5888.
Stoy Hayward

Company Notices

KOREA INTERNATIONAL TRUST
INTERNATIONAL DEPOSITARY RECEIPTS
EVIDENCING BENEFICIAL CERTIFICATES
REPRESENTING 1,000 UNITS
Notice is hereby given to the Unitholders that Korea International Trust declared a distribution of Won 855,000 per IDR of 1,000 units payable on June 25, 1987 in the Republic of Korea.
Payments of coupon No 6 of the International Depositary Receipts will be made on July 3, 1987 in US dollars at one of the following offices of Morgan Guaranty Trust Company of New York:
—BRUSSELS, 35 Avenue des Arts
—NEW YORK, 30 West Broadway
—LONDON, 1 Angel Court
—FRANKFURT, 44-46 Mainzer Landstrasse
—ZURICH, 38 Stockerstrasse
The amount of dollars shall be the net proceeds of the sale by the Fund of the Won amount to a foreign exchange bank in the Republic of Korea at its "spot" rate on June 25, 1987.
The proceeds of the coupons presented after June 25, 1987, will be converted into US dollars at the prevailing spot rate of the day following their presentation, and will be distributed to the Unitholders in proportion to their respective entitlements and after deduction of all taxes and charges of the Depositary.
Holders residing in a country having a double taxation treaty with the Republic of Korea may obtain payment of their coupons at a lower rate of the Korean non-resident withholding tax, on condition they furnish to either the Depositary or through one of the designated sub-paying agents a certificate — showing their residence together with a copy of the certificate of incorporation or a copy of the passport for individuals. Those documents are requested by the Korean National Tax Administration Office as evidence of residence and without them the full rate of 26.875 pct Korean non-resident withholding tax will be retained.
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Brussels Office, as Depositary

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Grantham, Lincs.
The business and assets of G. Bellamy Roofing Limited are for sale as a going concern comprising of:
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Stock and Equipment, Contracts.
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Enquiries to: L. P. Cummins
Joint Administrative Receiver
CORK GULLY
22a The Rope Walk
Nottingham NG1 5DT
Telephone: 0602 470658
Telex: 377973
Fax: 0602 410192
Cork Gully

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Company Notices

PAN HOLDING S.A.
LUXEMBOURG
NOTICE IS HEREBY GIVEN that Pan Holding S.A., has declared a dividend of US$6.25 per share of $50 for the year 1986 payable as from 1 July 1987.
The dividend will be payable against coupon No. 52 from Bearer shares of Pan Holding S.A., which may be presented to Midland Bank plc, Securities Department, International Division, 110-114 Cannon Street, London EC4N 6AA, for payment at the rate of exchange current on the date of payment.
Income Tax of 27% will be deducted, unless the coupons are accompanied by an Inland Revenue Affidavit.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US$75,000,000 Guaranteed Floating Rate Notes
Extended and Due 1989
The interest rate applicable to the above Notes in respect of the six month period commencing 30th June 1987 has been fixed at 7¾% per annum.
The interest amounting to US$38.97 per bond of US$1,000 nominal to US$389.72; per bond of US$10,000 nominal to US$3,897.22; per bond of US$100,000 nominal will be paid on Thursday 31st December 1987 against presentation of coupon No. 17.
BANK LEUMI TRUST COMPANY OF NEW YORK
Principal Paying Agent

EULA INTERNATIONAL B.V.
Floating Rate Note issue of US$25 million 1981/1989
The rate of interest applicable for the six months period beginning 30 June, 1987 and set by the reference agent is 8% annually.

CARDIFF CITY COUNCIL
TOURISM STUDY PROPOSAL
Cardiff City Council wishes to commission a study, first, to give an overview of possible tourism development and other visitor based opportunities and trends available to the City which are practically achievable and capable of implementation. Secondly, more detailed consideration of the individual projects listed below, to give market and financial assessments, both for the Council's own purposes in planning for these projects and also to provide detailed information for the Authority's applications for financial support from outside bodies, most notably the European Regional Development Fund. The projects are:
(a) New Theatre refurbishment;
(b) Games Facilities—this will include the building of the international running track and associated facilities currently under construction and all the phases proposed throughout the City;
(c) Central Library—proposed conversion to tourist/conference related use.
The City Council, therefore, invites preliminary expressions of interest from appropriate consultants and other groups with the expertise to provide an effective investigation of the two tourism and visitor related aspects described above.
Expressions of interest should be sent to Chief Executive, Cardiff City Council, Room 210, City Hall, Cardiff CF1 3ND, no later than 15th July 1987 and include descriptions of previous work undertaken, charging policies and expertise of staff. Further details from M. A. Turvey, Telephone (0222) 822059, Fax (0222) 822270.
H. T. CRIPPEN
Chief Executive

UK EDUCATION

Mr Baker: always confident

William Petty on the core curriculum debate

Rushing to a mistaken conclusion

SOME educational issues featured prominently in the General Election. The core curriculum was not, however, one of them, although it was of more fundamental significance than some of those which did. This should mean that as Mr Kenneth Baker resumes office, his core curriculum proposals can now be looked at and discussed from an educational rather than a political viewpoint. The core curriculum is rather like parental power in education (and is proving to be an even more popular issue as a basis for questions at interviews for educational posts). Everyone begins in favour of it — which explains its lack of political "glamour" — until they examine the implications of particular proposals. Indeed many of those whose initial comments favoured Mr Baker's proposals, later proved to be saying that they liked their own idea of a core curriculum but not necessarily his.

There is nothing new in the concept of core studies and skills. Much work has been done on them in relation to programmes for the Technical Vocational Education Initiative, the Certificate of Pre-Vocational Education and the Youth Training Scheme. But Mr Baker's proposals are different from anything previously contemplated. They cover a wider age range and involve detailed national testing and "monitored assessment" (always a useful phrase).

Again, there is nothing new in testing. Some local education authorities, for example, have over the years carried out literacy and numeracy tests. Mr Baker's testing would not, however, be limited to literacy and numeracy, although these are the areas which many supporters of a tested core curriculum clearly have in mind. If Mr Baker considers that he would be merely carrying out nationally what has taken place in some areas, he is misleading himself. What he is envisaging is more complex and could be more dangerous.

One danger is that, if there is a national core curriculum which extends beyond literacy and numeracy, difficult choices arise. Certain subjects do not lend themselves to national testing and "assessing" (only the naïve would equate the national testing of all chidren of all abilities with the current national examinations). Music is one such subject. Art is another. English Literature and the literature of other languages are others. And it could be argued that History, one of the subjects included by Mr Baker, is yet another, unless most of the new and effective ideas about the teaching of it are to be jettisoned. If, on the other hand, such subjects are excluded, they tend thereby to be demoted in the minds of pupils and parents. This is no doubt why an important subject such as History has been pushed into the core, despite its unsuitability. It is also true that what can be easily tested is often not the part of a subject which matters most ("Give me the date of . . . ?)

A further danger lies in deciding how subjects finally included in the core are to be tested and "assessed." Anyone who has experienced the comparatively simple problem of preparing local numeracy tests knows the difficulties. Views differ radically about what the tests should cover and about where lines of achievement should be drawn.

In Mr Baker's view such problems could be settled by co-operative efforts, which achieve a "broad national consensus." Above all, "the best minds in the country" would be in charge. Mr Baker has clearly never been subjected to the wrangles of those included in a galère of this kind, not to speak of those who have not been included but who, in their view, should have been. And has he not thought of his élite being eventually replaced by another élite selected by someone whose views were (to use a popular word) radically different from his?

It seems, too, to be forgotten that the Department of Education and Science set up machinery for assessing standards and performance some years ago. There is surely a case for research being carried out on that operation, with its clear relevance to discussions about a tested core curriculum, before any decisions are taken on the latter. But any researcher should be warned that hard manual labour will be needed to shift the paper mountains. Indeed that experience should lead to the production of figures of the likely bureaucratic costs of implementing Mr Baker's much more grandiose scheme.

Mr Baker always gives the impression of having total confidence in anything he proposes, and no doubt this stood him in good stead when he was imparting the easily tested core curriculum of gun drill and other artillery matters to the Libyan army in his earlier years. But supporters of his own political party have not given the impression that they share his confidence in his current core curriculum proposals. Fortunately, with the Election decided, there is now time and opportunity for the component parts of the Baker scheme to be examined individually. There is time to look at the desirability of limiting national testing to the two areas which have caused most concern, literacy and numeracy. There is time to see how far the scheme does or does not fit in with the new GCSE examination and the various national vocational programmes, which do not look at "subject" in quite the same way as Mr Baker seems to look at them. There is, in particular, time to evaluate properly the possibilities, which have been put forward by local education authorities and others, of broad curriculum objectives being required from and published by individual schools.

What is certain is that there is now no need for mistaken decisions to be made in haste about a core curriculum and national testing, which could do unnecessary, but deep and lasting, educational damage.

The author was chief education officer for Kent until 1984. He is now a college and school governor and a consultant on further and higher education.

LETTERS TO THE EDITOR

Deregulation and delay

From the Executive Director, International Foundation of Airline Passengers Associations

Sir,—Mr P. MacNamara's letter (June 22) on airline deregulation urges consideration of the fact on both sides of the argument, while ignoring some fundamental ones.

He states that US airline deregulation has cost 40,000 jobs. Fact—employment is higher in the US airline industry than ever before. According to the respected airline US quarterly reports, employment in the US industry was 329,000 in 1978 and 380,000 in 1986. Average remuneration has gone from $28,000 to $42,000 during the same period.

He blames the currrent rescheduling of flights and delays on deregulation. Fact—there are at least half a dozen identifiable causes of delay; of these weather accounts for some 70 per cent of all delays. The failure of the US administration to keep the number of fully trained air traffic controllers up to requisite levels after the 1981 strike, slashing of the FAA's budget by 25 per cent between 1981 and 1984, and the refusal to spend some $4bn paid by passengers for airport and airways improvements, to make the overall budget deficit figures look better, are other reasons. Certainly, airline flight bunching at major airports in the free market environment is a contributing factor—but it is just that, not the cause.

He states that US basic domestic fares have increased and implies we can expect the same pattern in Europe. Fact—it is true, basic fares have increased by approximately 158 per cent compared to the figure of 89 per cent for the CPI since deregulation started, but during the same period, discount and deep-discount fares have grown only 58 per cent ie less than the CPI. An important point is that, thanks to competitive price offerings, the vast majority of Americans—including business travellers—have access to discount fares. Most recent statistics suggest that 80 per cent to 90 per cent of US travellers use the discounts at levels ranging up to 90 per cent below the basic fare. A Brookings Institute study estimates that American consumers have saved as much as $6bn annually as a result to competitive pricing in the US.

Mr MacNamara indicates that the scheduled carriers are adopting market-based pricing and warns that unless Europe follows the exact liberalisation path charged by those airlines the consequences will be restricted choice, delays and bad time-keeping. European airlines are moving towards more flexible pricing on some routes, partly in response to new entrants such as Ryan Air and Virgin on Luton-Dublin, partly in response to their own marketing feel and capacity availability and partly in response to government pressure including Community moves to apply the competition rules—as Dr Johnson said "there is nothing so concentrates the mind as the prospect of being hung on the morrow." As far as delays and time-keeping are concerned, there is an evident lesson to learn from the US—liberalise gradually, measure the effect and make sure adequate resources are applied to airport and airway development to cope with more flights and more passengers. We think Community funds should be made available for this.

No one is suggesting the US example is the ideal model for Europe. Proponents of decontrol here argue for a gradual liberalisation over several years with many retained controls to prevent excess and ample possibilities for correction. The bottom line, however is, if we want a barrier-free Europe by 1992, as our heads of government have already committed, we cannot go on exempting or protecting airlines from the effect of the Common Market. The more so as those airlines will have to face lean and hungry competitors from the US and South East Asia, in European and non-European markets, in the years ahead. It follows that they too will have to be lean and hungry and competitive to meet the challenge and the market demand.

Geoffrey H. Lipman,
PO Box 462, 1215 Geneva 16 Airport, Switzerland.

Facilities at airports

From Mr D. Sawers

Sir,—When I first read Mr Macnamara's letter (June 22) I thought it must be intended as a parody of the attitudes of the European airlines. The second time I read it I began to think that Mr Macnamara was serious, and was the spiritual brother of the marketing manager in one European airline who complained that lower fares would attract the wrong sort of passenger to his airline.

Mr Macnamara clearly prefers myth to reality when he describes the effects of deregulation on the US airline industry. Employment has increased since 1976, not fallen by 40,000 as he implies; the increase of about 60 per cent in traffic has more than offset the effect of improved productivity. The average fare actually paid fell about 22 per cent in real terms between 1978 and 1986. The standard fares, which are now bought by fewer than 10 per cent of passengers, are of course included in the average fare paid. These US fares are about half the average fare for journeys over similar distances in Europe. Frequencies on US domestic services have increased since deregulation.

The serious issue that Mr Macnamara raises is that the supply of airport and traffic control facilities is less flexible than the supply of airline capacity, so that the rapid growth of air transport in the US, for example, has created bottlenecks at major airports. The effects of these bottlenecks on the quality of airline services are not evidence that deregulation has failed but evidence that the methods of providing airport and traffic control capacity need to be rethought. There are bound to be problems if airlines compete freely with one another, but are given rights to valuable assets such as landing rights at busy airports. The presence of congestion shows that reform and deregulation need to be extended, not curtailed.

David Sawers
10 Seaview Avenue
Angmering-on-Sea
Sussex

Secret aversion to competition

From Mr L. McManus

Sir,—Once again the FT is filled with accounts of valiant efforts by the UK to liberalise international air transport in the face of fierce opposition from "protective" and "intransigent" foreign governments. This is the picture which has consistently been placed before the British public in recent months despite growing evidence that the UK is not sincere in its desire for true competition in the air.

It is undeniably true that the Government has encouraged competition with our near European neighbours, but only in cases where UK carriers were expected to benefit substantially. In less certain markets recent DoT actions indicate a very different position.

Throughout South-East Asia the UK has a reputation as a fiercely protective country: we have recently witnessed major rows concerning the UK capacity of Philippine Airlines and Malaysian Airline System, while Singapore Airlines gained long overdue Manchester rights only after an extensive national advertising campaign embarrassed the UK's "pro-competition" stance. Despite a UK Government promise to encourage Manchester services in the wake of the Stansted decision, the licence limited SIA to two flights per week on the route regardless of the airline's wish to operate more.

The North Atlantic reveals further inconsistency: a two-year-old PanAm application to serve Manchester-New York still awaits DoT attention, again ignoring Government promises to the north. Other US carriers are afraid to request Manchester routes fearing unacceptable reciprocal demands from the UK. And, of course, a fearful row is raging between Canada and the UK because Air Canada has made a success *of its London-Singapore rights*, fairly conceded in return for British Airways' abortive foray into western Canada.

The UK's secret aversion to competition, however, is not restricted to long-haul markets. Only recently the UK unexpectedly refused Ireland's Ryanair rights to fly on the undeserved and pricy Manchester-Dublin route, this decision closely following Ryanair's exclusion from Luton-Cork which is not served at all. The new rift between the UK and Eire appears to centre around Aer Lingus's renewed efforts to restore its old fifth freedom rights through UK regional airports to Europe — an aim wholly consistent with proposed plans for the unshackled EC market which the UK purports to seek.

Evidence suggests that the UK supports liberalisation only where our airlines have most to gain—desires little different to those of Spain, Italy and Greece relative to their carriers. The UK, however, also displays a keenness to protect the London airports' hub system—clearly to the exclusion of Manchester and other regional airports where necessary. Will the Government please consider abandoning the hypocrisy of our alleged "pro-competition" stance?

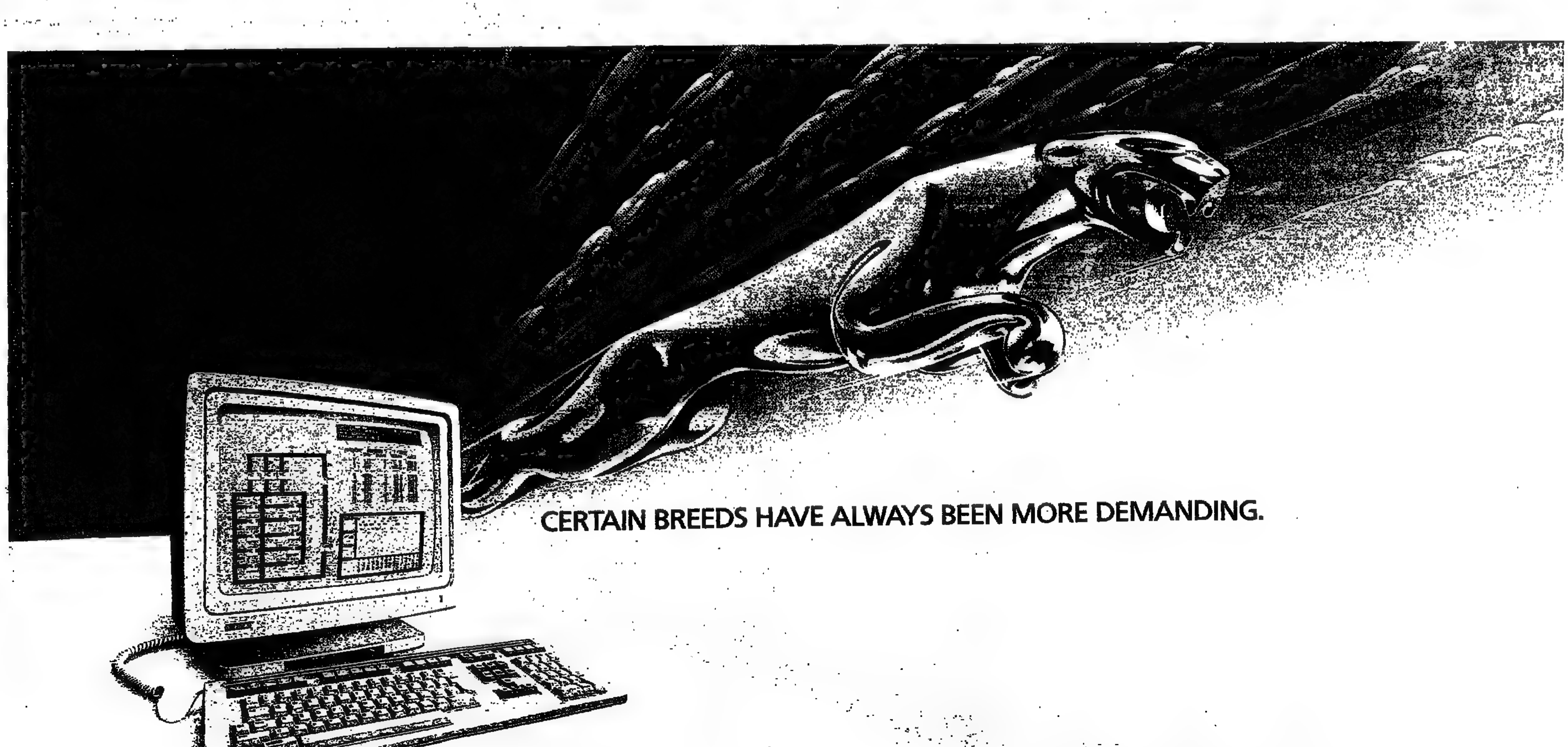
L. J. McManus,
Flat 2, 8-9 The Triangle,
Bournemouth, Dorset.

Lesser sum of happiness

From Mr G. Thomas

Sir, — Mr Collison (June 22) should realise that a larger cake unequally sliced but in which the smallest slice is at least as big as the equal slices of a smaller cake can only produce a lesser sum of happiness if it is — forgive me — consumed with envy.

George Thomas.
90-93, Cowcross St, EC1.



TECHNOLOGY

Alan Cane explains how US industry is looking at computer-controlled factories with a new sense of urgency

Manufacturing edge on display in Chicago

IT WAS in the mid-80s in Chicago last week, but while sailing yachts and water scooters made free amid the cooling breezes of Lake Michigan, another thermometer, that of American manufacturing industry, was recording record highs elsewhere in the city.

Manufacturing industry shows are traditionally worthy rather than exciting, practical rather than visionary.

However, Advanced Manufacturing Systems, a trade show which closed after a three-day run in Chicago, differed from conventional manufacturing equipment exhibitions in three essential respects.

First, in the number of senior executives among the potential customers who were there to look and learn. It was unusual even for the US, where chief executives are many times more likely to have had practical experience than their European contemporaries.

Their presence was strongly indicative of the new sense of urgency gripping US manufacturers as they measure the decline in their performance against the Japanese and the countries of the Pacific Rim.

Television advertising in the US echoes the same theme with startling honesty as major companies take prime time to question whether America can reclaim its manufacturing edge. They urge a new search for quality and efficiency.

Second, in the kind of companies showing their wares. There was hardly a machine tool, robot or materials handling *system to be seen*. Instead, computer companies were out in force.

IBM was there, and so, among others well known for industrial computers and computer software, were DEC and Prime.

But what was Ingres or Britton-Lee, which respectively *sell sophisticated* database software and hardware, doing there? Or Intel, one of the world's leading semiconductor manufacturers?

The answer is that the Chicago show was dedicated to *the electronic future* of manufacturing industry, to computer-integrated manufacturing or CIM, as it is called.

And it is the computer hardware and software companies rather than the machine tool manufacturers which are expected to provide the vital components for the "factory of the future."

Which leads directly to the third point of difference between Chicago and other trade shows. Its central focus was a small, *but essentially* complete, factory of the future which ran throughout the exhibition churning out printed circuit boards, plastics and avionics products, theoretically, for the defence industry and commercial customers, to demonstrate the chief principles of CIM.

Co-ordinated by Arthur Andersen and Co, the management consultants, it involved the integration of $18m worth of equipment from 13 separate suppliers.

According to Mr James Burns, the Chicago-based *Arthur Andersen partner* who master-minded this Impact '87 demonstration, some 10,000 people would see the factory during the three days of the show, with a further 4,000 booking private viewings.

"We have *really hit the nerves* of a lot of senior management with this," he said. "The people booking private tours are all at vice president and director level."

To be quite accurate, the factory, "Impact '87," was more demonstration than working prototype. The "products," although properly designed and accurately machined, were not intended for market. Last year at the same exhibition, printed circuit boards manufactured during the show in a much smaller demonstration factory were sold to commercial customers.

None of which should detract from the fact that the company had managed to tie together equipment from Allen-Bradley, Alliance Automation, Cherry Electrical, Computer Methods Corporation, Denniston & Denniston, IBM, Intel, Interactive Images, Intergraph, Pritsker & Associates, Rexnord Automation, Tandem Computers and Wes-Tech Automation, using a mixture of electronic communi*cations methods*.

That in itself was a prodigious achievement. And as the company was at pains to point out, it was all accomplished using technology available off the shelf.

The essence of CIM is the control of an entire factory production system through computers possessing a common database of information about the factory, its capabilities and its products.

The aim is to manufacture products with zero defects (that is without defects when they leave the factory gate) and in lot sizes as small as one. Lead times can be dramatically cut, the theory goes, and inventory slashed to nothing.

It is a combination of a range of manufacturing techniques, *all advanced in themselves* including computer-aided design, robotics, Just-in-Time (JIT or Kanban) techniques which hold inventory down to the mini*mum, communications rules* like MAP (Manufacturing Automation Protocol) and TOP (Technical Office Protocol) and MRP II (Materials Resource Processing) software.

As well as the working demonstration, Mr Grant Hollett of Cherry Electrical Products, a manufacturer of electromechanical switches with bases in the US, UK and Japan, was on hand to bear witness to the benefits of simplification of the manufacturing process coupled with sensible use of automation.

Simple techniques like the establishment of work groups for the assembly of small components had cut the time taken for the completion of a type *of switch from 30 hours to* between 20 and 30 minutes, said Mr Hollett.

Cherry, in its planning for automation had aimed for a 76 *per cent reduction in work-in-process; it achieved 99 per cent, he stated.*

It had aimed to cut the time taken to set up its *manufacturing machinery* by 80 per cent and achieved 95 per cent.

Direct labour had been reduced by 15 per cent, indirect labour by 50 per cent.

It had saved $360,000 a year *on its manufacturing costs* and had been able to achieve an 18 per cent reduction in the cost of goods sold.

Mr Tracy O'Rourke of Allen-Bradley agreed that 50-70 per cent improvements in produc*tivity had become routinely* possible using CIM techniques.

He warned of the dangers of starting without a well considered plan; it was easy to automate a poor system and achieve no benefits at all: "Make the *system great, then automate*" he argued.

The thousands of US manufacturing industry executives who poured through Impact '87 *last week were anxious to learn.* In the US at least, the CIM dam seems about to break.

Inside Impact '87: a demonstrator explains how computers control every aspect of the manufacturing process

Model of a revolution in the making

IMPACT '87, which was on display within the Advanced Manufacturing Systems trade show, mimics the operations of two separate factories, a main plant based in Chicago, Illinois, and a smaller site in San Francisco, California.

The two factories produce printed circuit boards, plastics and component assemblies; the essence of the demonstration is that computer technology underlies *and underpins every* stage of the order, design and production process.

So, to start a typical manufacturing cycle, a salesman in Chicago receives an order for a particular product design — not necessarily a batch, mind; with computer integrated manufacturing, lot sizes of one can be *routine*.

The first of the advanced computing techniques used in Impact come into play at this point. Artificial intelligence, in the form of an expert system, is used to check that the design configuration the customer has requested is valid — if not, alternatives configurations are *proposed*.

The order can then be entered and validated using the basic MRP manufacture software. This triggers a number of *further actions — automatic* updating of the customer order database for one, automatic retrieval from an engineering database of information about *the product for another*.

This information, which is critical to fast product design and therefore shorter lead times, is transmitted to an engineering workstation — a very powerful computer with a high-definition screen suitable for draughting — over what is called a TOP (Technical Office Protocol) network.

TOP is one of the two *important sets of rules* for interconnecting computer systems in the factory. The other, MAP or Manufacturing Automation Protocol, promoted principally by General Motors in the US, links computers on the factory floor.

Special software in the workstation tests the design of the printed circuit board, automatically generating the list of materials and calculating the positions for insertion of the components to be mounted on the board.

At the same time and at another workstation, the engineering properties of the metal housing for the circuit board are being *simulated*.

All of this improves the *design of the product*, cuts the development time and improves quality. All the essential engineering information *can* be transferred over TOP into the *manufacturing* MRP software.

Automatic transfer of the engineering data eliminates the task of re-entering *all the* essential data at the production stage. *The* computer-aided-design (CAD) equipment is also used to design the factory layout for maximum efficiency.

In most factories at present, *components spend* up to 90 per cent of their time in the factory simply waiting idly to be processed.

The use of computer integration *makes* it possible for inventories to be pulled through the factory by demand rather than being pushed through by schedule.

The remote factory in California is linked to Chicago by electronic data interchange links, a fast and reliable method for computers to talk *to each other*.

Both factories use bar codes and bar code readers to identify parts and to ensure that the correct work order infor*mation—how to set up* the machinery, how many of each part have to be made, what software is required by individual machines—is fed to the programmable *logic* controllers, robots and machine controllers.

As the components work their way to the end of the manufacturing process, a number of systems which are available off-the-shelf but sophisticated enough to be *far from* commonplace in today's factories come into play.

These include robot vision systems to ensure parts are correctly-orientated and computer-generated speech systems which warn operators in, for example, the factory unit which manufactures a plastics resin coating for the printed circuit boards, that a particular stage of the process has been completed.

In the final stages the printed circuit boards and their housings, fresh from computer numerically controlled machining, are assembled into finished components by robot arms.

Why costs need to be put in step with the march of automation

YAMAHA of Japan is the largest manufacturer of fork-lift trucks in the world, according to Steve Hronec, a cost management specialist with *Arthur Andersen & Co., yet uses* no fork lift trucks in its own manufacturing plants.

Hronec repeats this story to underline his belief that traditional cost management has been left behind by modern manufacturing methods and that it must change in the next five to ten years: "We have to shift management's attention to improving the operational *nature of the business" he says.*

He is one of the main forces behind a new philosophy of cost management which has been developing at Arthur Andersen, *management consultants, over* the past few years.

One of the basic principles in his philosophy is the importance of separating out all those things in the manufacturing process which add value to the end product and all those that do not.

While the overall aim should be to cut costs everywhere, Hronec argues, modern cost *management should emphasise* cutting the cost of those things that do not add value to the product.

The fork-lift truck is a typical *example; it is an expensive* capital item, the pallets on which components or finished products are carried are a high fixed cost and there are significant labour costs associated with its use.

Furthermore, in a properly planned and integrated factory, there should be no need for fork-lift trucks at all; they are simply a relic of historically poor manufacturing practice. So fork-lift trucks are a non-value added cost.

Yamaha understands these concepts, says Hronec, and has *eliminated the trucks from its* own operations while selling them to others, who gain in the process a hidden competitive disadvantage.

With labour costs now somewhere less than 10 per cent of product costs, traditional cost accounting practices which are heavily biased towards the labour content in finished goods no longer hold water, states Hronec.

Benefits of new technology are simply overlooked. Many traditional cost accounting systems are based on direct *labour in the factory and proposals* for automation are measured against the likely number of workers that can be replaced.

Standard accounting procedures fall down when asked to make sense of investments in modern production technologies —they fail to analyse the intangibles in the investment such as improved quality, greater flexibility and lower inventories.

What is concerning specialists in automated manufacturing is that the inability of traditional *accounting to handle these* benefits means that the introduction of advanced manufacturing methods is being delayed.

The Japanese, they argue, have a closer understanding because their top managers come up from the factory floor. And a good cost management system should accurately reflect the manufacturing process.

APPOINTMENTS

Beecham Group personnel director

Dr Peter Jackson has been appointed group personnel director of the BEECHAM GROUP from late July. He is chief executive—personnel for the BOC Group. Dr Jackson will become a member of the group board. He succeeds Mr Richard Newman who retires as group personnel director on July 22 having reached retirement age.

★

Dr Francis J. Pocock is appointed a director of EXPRESS FOODS GROUP and EXPRESS FOODS GROUP (INTERNATIONAL) with responsibility for research and development from July 1. Dr Pocock, who was previously distribution director, Watney Mann and Truman Brewers, replaces Dr Basil Jarvis, who is leaving the company to take up the position of technical director with HP Bulmer.

★

Mr Barry Marks has been appointed director in charge of the UK trading activities of ROBERT FLEMING SECURITIES. He was in charge of options trading. He succeeds Mr Tony Field, who has decided to leave the group.

★

INFORM SECURITY & COMMUNICATIONS SYSTEMS has appointed Mr Bernard Lockett as sales director for its UK operations. Prior to joining Inform he was national accounts sales manager for Britannia Security Systems.

★

WINDSOR TELEVISION has appointed Mr Peter Knowles as finance director and company secretary. For the last three years Mr Knowles has been group financial controller of Wayne Kerr.

★

Mr Richard Matthews has been appointed managing director of SHAWLANDS SECURITIES, the finance house subsidiary of The Frizzell Group, and will take up his appointment on July 1. He replaces Mr John Beesley who retired on May 31. Mr Matthews was senior vice president, banking services, at HFC Trust.

★

Mr Bryan Hope, the former head of Reed International's business publishing and exhibition interests, is joining FOCUS INVESTMENTS. He is appointed chairman of the boards of Focus Events and Focus Magazines.

★

Mr Doug Forbes has been appointed managing director of IMPULSE ELECTRONICS. For the last four years he has run the Reading-based distributor, Bytech. This was a company that he was instrumental in setting up and launching in 1978, as a division of Barlow Holdings.

★

Mr Michael Mire has been elected a director of McKINSEY & COMPANY, INC in the London office.

★

At ROWNTREE Mr Derek Cook, a director of Pilkington Brothers, has been appointed a non-executive director from July 1. Mr Cook is responsible for Pilkington's European flat and safety glass operation and for the glass and mineral fibre businesses. He will become deputy chairman of the Pilkington Group in August.

★

STC has appointed Mr Peter Bonfield as deputy chief executive. He will assist in the task of establishing the group as a major European communications and information systems group. This will be in addition to his existing responsibilities as chairman and managing director of ICL. Mr Bonfield became managing director of ICL in September 1984, when the company merged with STC, and was appointed to the main board of STC in July 1985. He took the additional role of chairman of ICL in January 1986.

Mr Peter Bonfield, deputy chief executive of STC and chairman and managing director of ICL

★

BRITANNIA BUILDING SOCIETY has elected Mr David Henry Towner to the board. Mr Towner, a senior partner with an Edinburgh firm of solicitors, has been solicitor to the Society in Scotland since 1961, when it was then the Leek & Moorlands Building Society.

★

Mr Geoffrey Warr has been appointed south eastern regional director of the CONFEDERATION OF BRITISH INDUSTRY. He succeeds Mr Ian MacKichan, who has retired. Mr Warr was previously head of the CBI's Africa department in its international affairs directorate.

★

Mr R. A. Hardman has been appointed deputy director-general by the BRITISH AGRICULTURAL AND GARDEN MACHINERY ASSOCIATION (Bagma).

★

At the annual meeting of the BRITISH EFFLUENT AND WATER ASSOCIATION, the following were elected office bearers for 1987-88: Mr Chesney Richmond, marketing director, Wallace & Tiernan, chairman; and Mr Douglas Bird, managing director, The Permutit Company, vice chairman.

★

FURNESS-HOULDER (COMMERCIAL SERVICES), the surety and export credit arm of Furness - Houlder Insurance Group, has appointed Mr Neil P. Sullivan as a director of the Furness-Houlder (Commercial Services) Board.

★

DDB NEEDHAM WORLDWIDE has appointed Mr Mark Veit a director. He was sales and marketing director of J A Sharwood and Co.

★

Mr Peter D. Noble has been appointed company secretary at HEADLAM, SIMS & COGGINS. He replaces Mr A. Pennington.

★

At CLARK WHITEHILL the following partners have been appointed to the London office from July 1: Mr Julian Glicher, director of corporate finance and Mr Brian Ing, director of Clark Whitehill Consultants. Mr Ian Dale has been appointed a partner in the Reading office from July 1.

★

MICROGNOSIS INTERNATIONAL, the new Control Data Corporation offshoot providing trading systems to the world's financial community, has appointed Mr Chris Mike managing director. He joins from Control Data Financial Information Services where he was a senior sales executive.

★

Mr Sydney Gillibrand, managing director of the civil aircraft division, has been appointed to the board of BRITISH AEROSPACE from July 1.

★

Mr Tim Weir has been appointed a director of GEOFFREY MORLEY & PARTNERS from July 1. Mr Weir, who joined Geoffrey Morley & Partners in 1984, is in charge of European equities. He is also being appointed a director of Geoffrey Morley Unit Managers.

★

Mr Richard Luff has been appointed by the Secretary of State for the Environment to the board of the COMMISSION FOR THE NEW TOWNS from July 1. He retires as director of property with British Telecom on June 30.

★

STODDARD HOLDINGS has appointed Mr Ralph Ellis as group managing director. He succeeds Mr Charles Maclean, who is relinquishing the post in order to pursue other business interests whilst remaining a non-executive director. Eighteen months ago Mr Ellis became managing director of Stoddard Carpets Ltd, the group's main subsidiary. He will remain managing director of that company.

Mr Ralph Ellis, group managing director of Stoddard Holdings

CONTRACTS

£10m work for Osborne Group

Building and civil engineering contracts worth more than £10m have been awarded to the OSBORNE GROUP. In London, Osborne has won a £1.8m contract to build a four-storey college in Queensbury Place, SW1, for the French Government. The new building is to be built next to the Lycee Francais and designed to harmonise with it. Construction will comprise a steel frame with brick cladding and will incorporate ceramic tiles and timber features.

A start has been made on a £850,000 refurbishment scheme for Vanson Developments, the property arm of the Virgin Group. *Situated around the* corner from the Virgin Megastore in Tottenham Court Road, the red brick Edwardian building in Rathbone Place, W1, will provide 18,000 sq ft of offices and studios for Virgin Vision.

Other building contracts include an industrial development at Northfleet, Kent, for Regent Furniture (Medway) (£819,00); industrial buildings at Dunsfold Aerodrame, Surrey for British Aerospace (£495,000). Osborne's civil engineering division has a £1.3m contract for the replacement of boilerhouse and associated works at Benenden Chest Hospital, Kent, for the Post Office and Civil Service Sanatorium Society.

Recent management contracts for *civil engineering* work include the construction of the Port Solent Lock (£730,000) for Arlington Securities, management contractor Sir Robert McAlpine; new car parks at Gatwick for the Civil Aviation Authority (£920,000), management contractor Bovis Construction; sub-structure and car park for a new CWS superstore at Slough, Berkshire (£661,000), management contractor Alfred McAlpine.

The special contracts division of

★

ALFRED MACALPINE MANAGEMENT has won two projects worth £6.75m—one for the Co-Operative Wholesale *Society the other for Marks &* Spencer.

A former greyhound stadium has made way for the new £4.25m Co-Op 65,000 sq ft superstore at Uxbridge Road, Slough, which *will have parking for 530 cars.* The single-storey building will be steel-framed and lattice beamed with aluminium roofing. The exterior will be faced with an enamelled steel panel system. Work has started, *for completion* in February 1988.

Alfred McAlpine will also manage the £1.5m contract to revitalise the Marks & Spencer department store at 35-37 High Street, Aylesbury. Work has started and involves converting the former first-floor storage area into 75 per cent more retail space, with new electrical, heating and *sprinkler systems. New* staircases and escalators will be provided and the remaining areas will be refurbished, while allowing the store to trade normally during the construction programme. This will be completed at the end of September.

★

RUSH & TOMPKINS has won more than £11m contracts in the UK including a *£6m* Asda superstore at Beddington Lane in Sutton, Surrey. Work has started on this 10-month contract which includes a 10,000 sq metres single-storey superstore, a covered service yard, car parking and external works.

An £850,000 order from British Steel Corporation Pension Fund is for road and paving works at Mitcham.

A £1.3m contract with Epwin is for a single-storey factory at Stafford Park Road in Telford, Shropshire and *a £600,000* contract with Nottinghamshire County Council for carriageway repairs to the A1 Weston Bypass near Newark.

The company's Preston office *has won a £1.4m contract with* North West Water Authority for a computer centre at Warrington, Cheshire, and in Rotherham, South Yorkshire, the Leeds office has secured a £700,000 *fitting-out contract with Boots.*

Finally at Hawick, Borders, the Newcastle office has started a £500,000 contract with Ravenstone Securities for construction of a store and refurbishment of adjacent buildings.

★

TRY BUILD has been awarded contracts totalling almost £7m. The bulk of the work—£5.5m—*is a range of* term contracts to be carried out over a period of three years. The major commitment at £1.7m is for defence establishment works at Warminster, Wilts, for the Property *Services Agency. Other* PSA jobs are at the Frater Naval Base, Gosport (£1m) and Pirbright Army Barracks (£600,000). The company has a £750,000 term contract at Gatwick for *maintaining buildings and carrying out small works;* and a similar involvement at the Metropolitan Police Training College, Hendon, worth £1.5m.

A £200,000 contract has been awarded by the State Bank of India for refurbishment of the banking area, ground floor and basement at George Street, London, due for completion in the autumn. Other London work includes an *£823,000* project to refurbish part of Cunard House, Berkeley Street, and construction of an amenity centre for the Audit Commission in Buckingham Palace Road at £260,000.

THE ARTS

London Galleries/William Packer

An eye for humanity

The well established series of exhibitions supported by Shell UK at the National Gallery, *The Artist's Eye*, in which distinguished practising artists are invited to take their pick of the collections, continues this year (until August 16) with the personal choice of Lucian Freud. It is as cryptic, idiosyncratic and uncompromising a show as we should expect from him, as long on palpable masterpieces as it is short on explication.

But this is the point of the exhibitions, for we would hardly have asked him, or any of the artists before him, to make conventionally accessible choices. Yet so deeply ingrained has the museum habit of emphasis and direction become, that Freud's impassive tease has ruffled a surprisingly wide variety of critical feathers.

Perhaps it is mischievous to show so many great and familiar works unlabelled, leaving them brooding darkly in the mundane, everyday, natural gloom of our English summer. But who would rather read the label than look at the picture in a natural light? As Freud says in a short, gnomic statement in the catalogue: "The uneasy silence of a man faced by a work of art is unlike any other": and he pays none of us a greater compliment than by trusting us to come to terms with it ourselves.

The justification of this *Artist's Eye* is that art is not the creature of the art history industry. There is no rule which says that like must be set with like, school by school, age by age, for all the obvious convenience to the scholar and the curator. Artists have always studied the work of the masters for their own ends, which are as likely to be technical and practical as theoretical or iconographical.

In their eyes, conventional categories may have their uses, but only as a guide. It is no use here asking why Degas should be hung with Whistler and Velasquez, with Constable and Ingres at either hand and Rembrandt and Hals en face with Rubens and Seurat close by, as if one is to be dissatisfied with the answer: "To see what they look like." As Freud says: "The paintings themselves are the reasons."

As for his choice, Freud has been admirably unintimidated by the greatest names, feeling quite free to appropriate no fewer than seven Rembrandts, of which five are portraits — three profound images of old age flanked by two of tender, opulent first maturity. To be presented by such a sequence in this unusual context is to be caught up afresh; to regret the consequent temporary gaps in the permanent hang would be absurd. So, too, it is with the huge Seurat "Bathers at Asnières," the Rubens "Samson & Delilah," the Velasquez "Rokeby Venus," Constable's "Hay Wain" and "Salisbury Cathedral," Whistler's "Miss Alexander" and Chardin's exquisite "Young Schoolmistress" and "Madame Moitessier" by Ingres. Three Constables in all, three ravishing works by Degas, two great Hals; certainly there has been no reluctance to pick the best.

Not everything is so unremittingly heavyweight, though we can hardly say that the quality falls off in such things as the Monet beach sketch at Trouville, or the Daumier "Don Quixote & Sancho Panza," or the Vuillard conversation piece. Only the scale of ambition alters somewhat. Freud's own two works—included only, as he makes clear, at the Gallery's insistence—a recent portrait and figure studies, sit modestly in their corner but more than hold their own in the company.

Indeed they supply the key to the whole exercise, for they show what kind of painter Freud is: physical and obsessive as much in his working of the paint upon the surface of the canvas as he is in his attention to the image and condition of the human figure. And what we find in these great works of the masters is not conformity of imagery—though they do include some of the greatest images of humanity—so much as a unifying human sympathy, to be found as much in the "Hay Wain" of Constable as in the venerable "Margaretha de Geer" of Rembrandt. And on the surface of all these paintings the artist's touch is everywhere apparent, drawing, modelling, working the stuff of paint itself. We can only hope that any carping does not make the National Gallery lose its nerve with this admirable series.

★

Artists' choices of a different kind have also come round again at the Angela Flowers Gallery of Tottenham Mews, W1. *Artist of the Day* is its annual festival of solo exhibitions in which a different artist for every day over two weeks (Monday to Friday) is invited to take over the gallery quite literally for the day.

Established artists were asked to nominate an artist each who deserves support.

I can say nothing of the work on offer, having seen none of it, but I am prepared to say on the experience of previous years that a daily visit is seldom wasted. The programme opened yesterday with Tony Bevan's runner, Colin Hall, first away. Today it is the turn of Jim Mooney, put up by Elizabeth Blackadder, and tomorrow we shall see Janette Boddington, Amanda Faulkner's choice. Anthony Green and Brendan Neiland finish this week with John Kirby and Geoffrey Brunell.

Next week's selectors are Nicola Hicks (whose own chance came this way), Patrick Caulfield, Bernard Cohen, Glen Baxter and Patrick Heron, with Tim Lewis, Morris Kestelman, Kevin Grimshaw, Andrew Carnie and Alan Gouk their respective nominees. The programme is rounded off on Monday July 13 by Robert Mason's choice, Claudia Cuesta. Go and see them all.

"The Beach at Trouville," by Monet

Concertgebouw/Barbican Hall

Max Loppert

The appearance at the Barbican a year ago of Leonard Bernstein and the Concertgebouw brought a performance of Mahler's Ninth Symphony that was by all accounts one of the unforgettable Mahler experiences of the decade. On Sunday afternoon the same combination was tried on the Mahler Fourth; but the result was, I would imagine, less wholly successful or felicitous.

The Fourth is a highly complex and sophisticated structure, with many layers of psychological motive - tracery beneath its surface; but that surface is made of simple, sometimes rustic song, of Haydn-like humour and open-air freshness.

Bernstein's intuitive dramatic sense and his natural musicianship were richly in evidence—the moments (such as the magically unexpected move to D major in the second movement) where a new vista seems suddenly to open out before the listener were all depicted with a wonderful feeling for the gesture involved, and in every case the tonal richness and corporate intelligence of this great orchestra were wonderfully well employed.

But it was one of those occasions when, for me, the conductor's enthusiasm for concert-hall drama got in the way, and spoiled the outline of the music. The word *poco*—as in *poco esitando*, or *poco ritenuto*, or *un poco più comodo*—figures in quite a few of Mahler's score instructions, as an indicator of moderation, a guide to the application of delicate inflexion and shading of tone or pulse. Bernstein appeared not to understand what it means. Small, slight hesitations became huge slowings, little nuances great big signals; everything was overt, and underlined, and little seemed spontaneous or easy in fluency.

The least massaged movement was the last—the score strictly instructs the conductor to accompany the solo soprano with maximum discretion, and Bernstein at last paid heed. But here, too, the promised vision of child-like beauty remained tantalisingly out of reach, for though the boy soprano, Helmut Gitter (a good, unforced voice from the Tölz Choir), managed the heavenly simplicities of text and vocal line with brave confidence, he was quite often inaudible.

In the first half, Bernstein and the Concertgebouw had between them produced an oddly lumpy, inert reading of the Schubert Fifth Symphony: a few warm moments in the Andante, rather too many ponderous ones elsewhere. Between works, Michael Tippett presented the conductor with the Royal Philharmonic Society's Gold Medal.

Music for a Large Ensemble

Paul Driver

Richard Bernas's ensemble Music Projects/London, expanded to upwards of 40 players, filled the Union Chapel at Highbury Corner with clamorous splendour on Saturday evening during one of the Almeida Festival's seven weekend concerts, several of them devoted to new Dutch music. The characteristic sounds of hard, raucous, rabble-rousing Dutch "minimalism" were hurled at us at the opening of this concert, though these were actually the property of an English composer, Steve Martland, who lives in Holland and studied with the country's leading new musical figure, Louis Andriessen. A third nation was involved in his piece, at least as far as its title, *American Invention*, is concerned, which may not in fact be very far.

For the music's intense and self-conscious aggression — richocheting *martellato* chords, heavy-rock drumming, clangorous contributions from two pianos and an electric guitar—is directed against bourgeois societies in general, according to the composer's note, and those which allow massive unemployment in particular. The work is quite simply the musical equivalent of a raised fist, and seemed to belong very far away from the yet more sonically shattering but spiritually rather more poised pieces by Xenakis which followed it on the programme.

Both *Jalons* (1986) for large ensemble and *Alax* (1985) for three spatially separated instrumental groups were receiving their first performances in this country; and the composer was present. The works are pure examples of the style to which Xenakis, except in a few recent pieces, has adhered very consistently. It is a style in which the widest, freakiest range of sonority that can be drawn from instruments (or voices, too, in other pieces) is at the same time highly (mathematically) organised and presented in the fullness of its raw energy. One is both flattened by the music's physical impact and hypnotised by its cumulative, insistent and visionary power. The pieces often strike one as works of nature rather than works of art: listening to *Alax* was like peering into a spluttering, brilliant volcano; but it was also like being in the middle of a dream.

Bernas wielded his tripartite instrumental forces in *Ajax* with a sure hand—the effect of circumambient sound was thrilling, especially so when the drums dominated towards the end. Two works new to this country by Franco Donatoni received attractive performances. The first, *Refrain*, for an eight-piece ensemble including harp, mandolin and guitar, was a pretty confection of perky little figures; the second, *Le Ruisseau sur l'escalier* (1980) more substantial and impressive, a score full of colour, heterophonies, and frisky activity.

Handel in America

Andrew Porter

The intense Handelian activity of the tercentenary has abated, but there is still plenty of Handel to be heard here. Boston's Handel and Haydn Society was founded in 1815 and still goes strong.

This season, Christopher Hogwood has become artistic director of Boston's H. & H. Hogwood conducted *Athalia* with a chorus of 32 and a band of 43, playing period instruments. That's a pretty authentic balance; but Boston's famous Symphony Hall, holding about 2,625, is much bigger than the Sheldonian and than the 18th-century Covent Garden, where *Athalia* had its first performances.

Boston is America's "capital" of early music. The band was first-rate, and so was the chorus, trained by Jeffrey Rink. The soloists were less impressive. Janice Felty — the delicious Dorabella of Peter Sellars's *Così* — was light casting for *Athalia*, the proud usurping monarch, cousin to Clytemnestra and Lady Macbeth. Judith Nelson was a pallid Josabeth. Gregory Reinhart, the Abner, alone seized his music and filled it with life and character. But he was monotonously loud — seemed to have taken as his motto a line from Abner's first air, "He rolls his thunder through the gloom."

Hogwood has yet to show himself a dramatic conductor. He has virtues: tempi are well judged; textures are clean and open; and large scores are laid out with a sense of proportion and progress. But there's no fire.

★

In New York, we've had *Esther*, *Joshua*, *Saul* and *Israel in Egypt* recently. *Esther*, Handel's first oratorio, is a fresh and pleasing piece. Julius Somary conducted it with his Amor Artis Chorale (31-strong) and an orchestra of 2?, in Alice Tully Hall. Julianne Baird was a limpid, exact heroine. Doreen Walker was a sober, earnest alto. John Ostendorf brought a nice touch of rhetoric to his Haman. Some of Somary's tempi seemed to me on the slow side, but he didn't plod.

Joshua was done in the concert hall of the 92nd Street Y (one of New York's major chamber halls), by the Canticum Novum Singers, conducted by Harold Rosenbaum: chorus of 32, small band on period instruments. *Joshua* generally gets a poor press from the commentators. I rather admire and enjoy it—no *Saul*, *Sampson*, or *Jephtha*, to be sure, but a ringing victory celebration given contrast by the hopes of both young people and old for a peaceful life after troubled years in the wilderness.

In the title role, Patrick Romano was fluent and true, if not quite brilliant enough in his delivery of words. Drew Minter played the "godlike youth" and "conquering hero" Othniel. The role was written for a woman, Caterina Galli, but one can hardly deplore countertenor arrogation when it brings such beauty of sound, charm and distinctness of utterance, and stylishness of phrasing. Achsah was Karen Beardsley, the piquant hero of Knussen's *Where the Wild Things Are*, but no Handelian. Caleb was Jan Opalach, a fine singer but hard to take quite seriously while he insists on the orotund pronunciation mocked in Plunket Greene's chapter "The Clergy and Intoning." Rosenbaum's conducting was a bit heavy.

★

Saul, sung in Tully by the Dessoff Choirs, conducted by Amy Kaiser, was overshadowed by a greater performance earlier this season at the Maryland Handel Festival. This festival, put on by the University of Maryland, on its campus outside Washington, has become a focus of international Handel scholarship. Papers, discussions, concerts, master classes find their climax in an oratorio: *Esther*, *Deborah*, *Athalia*, and now *Saul*. The conference theme this year was the Handel edition, trickling from Halle at a snailpace; the Halle *Saul*, unusable by any serious company, illustrates its shortcomings. For Maryland, a composite of materials from Novello, Chrysander, Halle, and 18th-century parts in the Library of Congress was amassed, under the informed guidance of Anthony Hicks.

The performance confirmed Winton Dean's resonant judgment: "One of the masterpieces of dramatic art, comparable with the *Oresteia* and *King Lear*." It was founded on the skills of the famous University of Maryland Chorus, conducted by Paul Traver, a Handelian of rare zest, grace and energy. David Evitts was grand in the title role. Lorraine Hunt (note the name) was moving and beautiful as Michal. René Jacobs was a trenchant David, John Aler a poised but too placid Jonathan. Patrick Romano was vivid in four second-tenor roles. The Smithsonian Players, on period instruments, played well.

The New York *Saul* had too small a band (on modern instruments) to balance its 72 singers, and the sound lacked bass. Jake Gardner sang Saul with smouldering intensity, but didn't project enough. Miss Kaiser's performance lacked largeness.

★

Israel was done in the Masterworks Choral Series: an enterprise that brings into New York choruses from all over the country for choral jamborees employing from 300 to 600 voices. Six of them joined in *Israel*; nine for a programme of Te Deums (Bruckner, Walton, Berlioz) a week or two later. But both events were hamstrung by the lack of an organ in Avery Fisher Hall. The *Israel* singers, however, were well prepared: to my surprise, the massed choral sound was light, athletic, and clear. Peter Tiboris, who conducts, keeps things moving. He's "traditional," but not soggy.

★

At the University of Maryland, there was also this season the American premiere of *Tolomeo*, an excellent opera. In these pages I've reviewed performances in Halle (where the castrato roles went down an octave) and in Abingdon (where, 14 years ago, Felicity Lott first came to our attention). Maryland's was better. It was uncut. And it was conducted (at the harpsichord) and staged by Nicholas McGegan, a young man who inspires living performances. He's staged and conducted *Orlando* in St Louis, *Teseo* in Boston, *Semele* in Washington. He directs San Francisco's Baroque orchestra. And this season he made his New York debut with the Boston Early Music Festival Orchestra.

Tolomeo is a day of island encounters that, as in *The Tempest*, bring crossed destinies to crisis and resolution. It lends itself to simple student performance, being without spectacle, magical or military. George Shirley (on the Maryland faculty) had taught the students to use Italian. McGegan had taught them musical directness and eloquence. He staged in a style neither period nor "modern" but a sensible compromise apt for students untrained in Baroque posturing.

There was one outstanding performer: Molly Donnelly, in the Senesino title role. I hope to hear her often again. Smithsonian players, on period instruments, provided beautiful accompaniment. This *Tolomeo* furthered the claim that opens Winton Dean's book *Handel's Operas*: that "Handel ranks with Monteverdi, Mozart and Verdi among the supreme masters of opera." It made most of what happens at the Met seem tawdry.

New Dutch Music

Paul Driver

On Sunday, when the Amsterdam Concertgebouw was playing under Bernstein at the Barbican, the Almeida Festival's patrons were discovering other versions of Holland's musical life. Two concerts of music by Dutch composers were the centrepiece of a display which has already included the London début of the talented Schoenberg Ensemble (in a programme of Second Viennese School works conducted by Reinbert de Leeuw) and will, at the end of this week, be including computer music by Michel Waisvicz (*Touch Monkeys*) and the British début of the jazz improvisation group, the Maarten Altena Octet.

The first of Sunday's concerts was a recital at the Union Chapel, N1, by the piano duo of Gerard Bouwhuis and Cees van Zeeland. Two pieces by Diderik Wagenaar, *Stadium* and the long and diffuse *Praxis* familiarised us with some of the distinctive techniques of the contemporary Dutch School—repetitive patterns, frequently consonantal harmony, aggressively bright sonorities—but made only an intermittently favourable impression. Gerard Bouwhuis's fine performance of the English composer Steve Martland's piano solo, *Kgakala* (1982), was another matter: this piece, written by Martland just before he adopted the Dutch manner with a will, struck me as a brilliantly calculated exercise in an idiom ultimately derived from Debussy's *Etudes*.

The programme was completed by the performers' own two-piano arrangement of a 40-minute large ensemble piece, *De Staat* (1973-76), by Holland's leading composer, Louis Andriessen. It worked convincingly—the tremendous élan of the original piece was easily preserved, and the machine-like precision of its repetitive and "hocketting" figurations—extremely difficult for an ensemble to bring off—was enhanced, pianos being themselves machine-like, and these players having automatic fingers, as it seemed. Andriessen (like his pupil Martland) writes music out of militant socialistic convictions (the original *De Staat* is a meditation on music and politics, setting a text from Plato's *Republic*), but one might have been forgiven while listening to this relentlessly insistent (although inventive) piece that its composer was actually a Futurist, bent upon glorifying the Machine.

The same paradox attended the performance during the evening concert of Martland's abrasive *Shoulder to Shoulder*: vigorous raw inventive energies which by virtue of the strict rhythmic organisation of the score and its hairsplitting demands of ensemble, are turned in on themselves to produce an imprisoning effect rather than gain a libertarian appeal. The piece was composed in 1986 for the Dutch "street orchestra", De Volharding, which Andriessen founded, and for which he wrote *De Staat*. De Volharding plays conductorless, but Martland conducted his own piece on this occasion, as well as three short items by Andriessen. The concert (at the Union Chapel) was given by a special Almeida 13-piece jazz ensemble (including some players from the British band, Loose Tubes).

Additionally there were new compositions by members of the band (Steve Berry, Eddy Parker and Django Bates) — by and large in a familiar sombrely harmonized bluesy style—and a group improvisation; but Andriessen's pieces — great sharp blasts of energy — were the attraction of the evening. Sarah Jane Morris was the gravelly and prodigious vocalist in two political songs — *That Happens Then and Now* and a Lorca setting, *y despues*.

Saleroom/Antony Thorncroft

Tribal art flounders

Sotheby's managed to coincide three important auctions yesterday morning. While the sale of Old Master prints from the collection of the British Rail Pension Fund performed well (as reported elsewhere), the two other major auctions were disasters.

Tribal art, always a tricky sector, brought in £433,939, but with over 66 per cent unsold, while the finest collection of books illustrated by the surrealist artist Max Ernst to appear on the market realised only £123,607, with over 55 per cent bought in.

Obviously vendors, encouraged by the auction houses, have become greedy, placing too high reserve prices on the works they are trying to sell. The misfortunes in tribal art concentrated on two lots, both of which were bought in at £300,000, which, by any reckoning, is a very high price to expect for such specialist objects.

Sotheby's was hoping for a record of $700,000 plus for a male figure made in wood around 1400 AD by the Taino Indians of the Dominican Republic, the first natives encountered by Christopher Columbus. Even its own catalogue and the fact that Sotheby's believed the erotically carved figure with a tray above his head was used for the ritualistic inhalation of narcotics failed to excite buyers into new high price levels for tribal art.

The other failure was a Nukuoro Islands wood female figure with a provenance going back over a century. Figures from this island in Southern Micronesia are reckoned to be the finest abstract sculptures in wood known to man, but, once again, the reserve was too high.

There were comparative successes. A Benin bronze head of an Oba (a king), sold for £110,000 — still below the bottom estimate of £120,000, and a Fang wood male reliquary figure was on target at £30,800. Tribal art is such a narrow and specialist market that great rarities can pass unwanted if they seem expensive.

Sotheby's was hoping to make £350,000 from the Max Ernst illustrated books. But when "Fiat Modes," published in 1919 with eight large lithographs inscribed by the artist, went unsold at £55,000, as against a low estimate of £70,000, the writing was on the wall. There were, after all, 300 copies of this book produced, although many were destroyed by the artist.

The top price was the £24,200 paid by the New York dealer Ducasse Fine Art for "Chanson complete," with four Ernst lithographs, which was limited to 20 copies. Ursus Books, also of New York, bought "Maximiliana," an edition of 75 copies, with 34 etchings, for £19,800. Both prices were below forecast.

Welsh National Opera to stage world premiere

The Welsh National Opera's 1987/88 season—which will open in Swansea because the New Theatre, Cardiff, is still being renovated—will include a world premiere, three new productions and six revivals.

John Metcalf's opera *Tornrak*, commissioned by the WNO, will have its world premiere in Cardiff in May 1968. The libretto is by playwright Michael Wilcox.

Two of the new productions mark the British debuts of their producers. *Die Fledermaus*, produced by Helmut Polixa, will be sung in English with Suzanne Murphy and Laurence Dale in the lead roles, conducted by Gyorgy Fischer. *Salome*, produced by Andre Engel, with Philip Joll, Robert Tear and Della Jones, will be conducted by Sir Charles Mackerras.

The third new production, *La Traviata*, will be produced by Rudolf Noelte and sung in Italian. Susan Patterson and Laurence Dale will take the lead roles and Sir Charles Mackerras will conduct.

The six revivals are *Fidelio*, *The Cunning Little Vixen*, *The Marriage of Figaro*, *Eugene Onegin*, *Tosca* and *Don Giovanni*.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 26–July 2

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the largest and most complicated of all Strauss's operas, Die Frau ohne Schatten, returns to Covent Garden after a sizeable interval. Gwyneth Jones in the title role, Ruth Falcon (Empress), Helga Dernesch (Nurse), Robert Schunk (Emperor) and Siegmund Nimsgern are all new to their roles here; Christoph von Dohnanyi conducts. Further performances of the Bohème and Barbiere revivals; last of the dull, unstylish new Manon.

English National Opera, Coliseum: final two performances of the season: Lady Macbeth of Mtsensk, one of the company's most dazzling achievements, and the tacky rubbish-dump Carmen with Jean Rigby and Arthur Davies.

Coliseum, St Martin's Lane: The National Ballet of Canada opens for a season on Tuesday with a performance of Glen Tetley's Alice.

Queen Elizabeth Hall, South Bank: The London Contemporary Dance Theatre opens a week's season on Tuesday with a triple bill.

WEST GERMANY

Berlin, Deutsche Oper: Madame Butterfly is conducted by Guiseppe Sinopoli and stars Catherine Malfitano, Kaja Borris, Peter Dvorsky and Ludwig Baumann. Natalia Troitskaya sings the title role in Tosca, with Placido Domingo as Cavaradossi. Sabine Hass, Ute Vinzing, Anny Schlemm and Hans Beirer take the lead in Elekta, and Luca Ronconi's production of Macbeth returns with Renato Bruson, Julia Varady, Sharon Sweet and James Morris.

Cologne, Opera: Andreas Chenier stars Vladimir Popov, Wassilio Janulake, Galina Savova and Eva Tamassi. Harald Stamm, Randall Outland and Machiko Obata sing in The Magic Flute, and Teresa Ringholz, Andrea Andonian, Claudio Nicolai and Alberto Rinaldi in Die Hochzeit des Figaro.

Stuttgart, württembergisches Staatstheater: Karan Armstrong, Reinhild Runkel, Toni Krämer and Roland Bracht star in Die Frau ohne Schatten. Gian Carlo del Monaco's production of Der Liebestrank has Lucia Aliberti and Bernd Weikl starring. Die lustigen Weiber von Windsor is also in the repertory.

SPAIN

Madrid, Gounod's 'Romeo et Juliette' features Alfredo Kraus in the lead in a production of Teatro Regio, Parma. Musical Director Alain Guingal, stage and costumes by Giuseppe de Tomasi. Teatro de la Zarzuela, Jovellanos 4. (Tue)

Barcelona, opera season ends with Pacini's most successful opera 'Saffo' with Spanish top soprano Montserrat Caballe and Juan Pons in title roles. Orchestra conducted by Manfred Ranin. Gran Teatre del Liceu, San Pablo 1. (Tue).

NETHERLANDS

Amsterdam, Muziektheater: The choir and orchestra of the Teatro Communale di Bologna conducted by Fulvio Angius and Thomas Fulton in Puccini's La Rondine directed by Pierluigi Samaritani (Tue). The National Ballett with Serenade (Balanchine/Tchaikovsky) and To Bend or To Break (Van Dantzig/Meijering) (Wed, Thur) (255 455).

Amsterdam, Stadsschouwburg: The Belgian National Opera Company in Mozart's La Finta Giardiniera directed by Karl-Ernst and Ursel Herrmann and conducted by Sylvain Cambreling, with soloists Elzieta Szmytka and Marek Torzewski (Tue) (242 311).

Amsterdam, Doelenzaal (Kloveniersburgwal 87). Krisztina de Chatel's Dance Group with Staunch (Mon, Tue). (239 112).

ITALY

Milan, Teatro alla Scala: deluxe production of Mozart's Marriage of Figaro conducted by Riccardo Muti and directed by Giorgio Strehler, with scenery by Ezio Frigerio and costumes by Franca Squarciapino. Cast includes Ann Murray, Patricia Pace, Milena Pauli, Samuel Ramey and Giorgio Surjan. (Sat, Tues). (80 91 26).

Rome, Terme di Caracalla: Rome Opera opens its 50th open-air summer season with a new production of Verdi's Aida by Sylvano Bussotti conducted by Julius Rudel (Wed). (46 17 55).

Florence, (50th Maggio Musicale): Teatro Comunale: first performance in Italy of two ballets: 'New Sleep' and 'Day' to music by Tom Willems, Dance by the Frankfurt State Opera's ballet Company. Also in the programme, 'Skinny' to music by William Forsythe, director and choreographer of the company (Sun, Tues). (27 79 236).

Florence, Giardino di Boboli: Purcell's The Fairy Queen directed by Luca Ronconi and conducted by Roger Norrington with choreography by Kay Lawrence and scenery and costumes by Luciano Damiani (Wed, Thur) (27 79 236).

Genoa, Teatro Margherita: Verdi's La Traviata conducted by Daniel Oren in Jean-Pierre Ponnelle's production with Fiamma Izzo d'Amico alternating with Mirian Gauci as Violetta (Sun, Tues, Wed). (589 329).

NEW YORK

Metropolitan Opera: The 21st season of free park concerts concludes with the first performances in New Jersey. Tosca with Marilyn Zschau and George Fortune plays two nights at Waterloo Village, Stanhope (Mon, Tue).

WASHINGTON

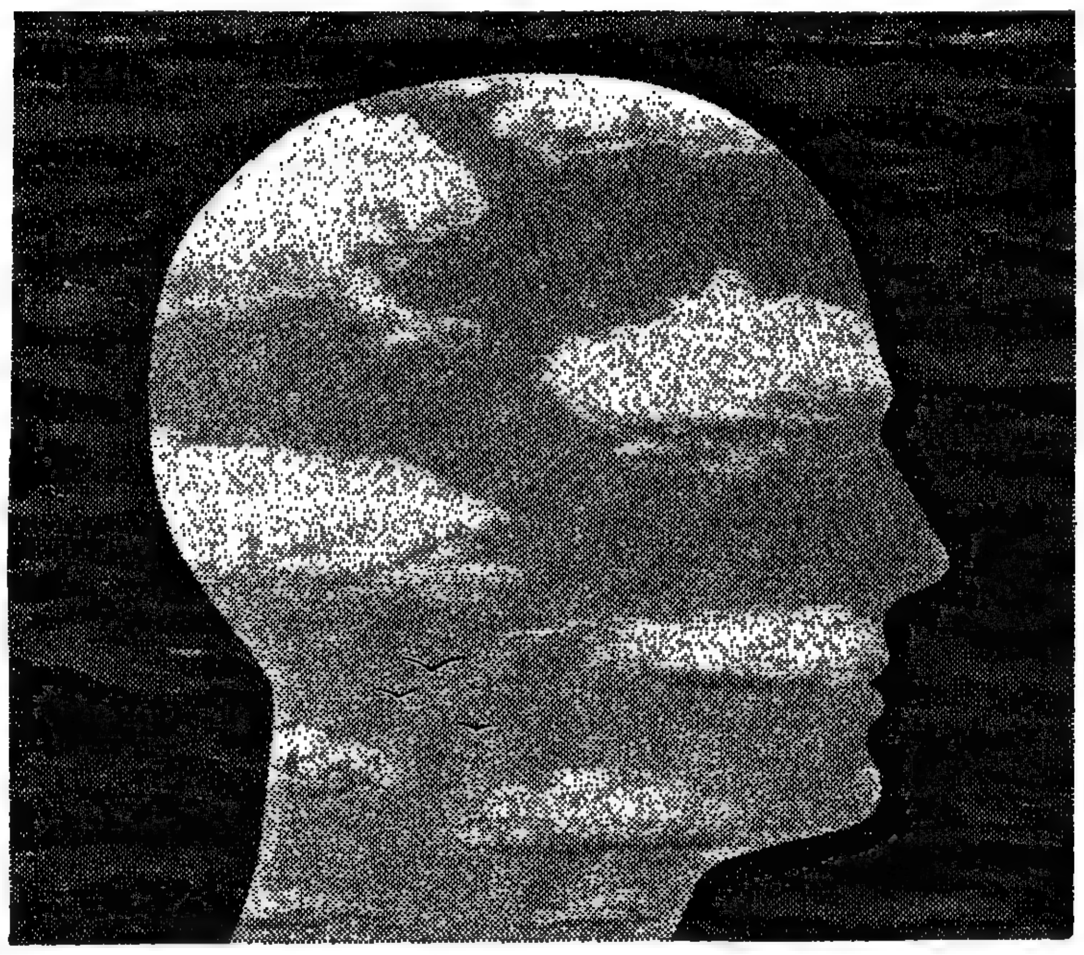
Wolf Trap: New York City Opera performs La Traviata (Tue, Thur), Tosca (Wed). Vienna, Va (703 255 1868).

Spoleto: (30th Festival of Two Worlds) Teatro Nuovo: The Stuttgart Ballet in a dance version of Tennessee Williams' 'A Streetcar Named Desire' by John Neumeier (Fri, Sat, Sun, Wed). Wagner's Parsifal, sung in German, conducted by Spiros Argiris and directed by Gian Carlo Menotti (Tue, Thur).

Teatro Caio Melisso: Montezuma – three-act opera by Carl Heinrich Graun, with libretto by Frederick the Great (Fri, Sun, Wed). (Box Office: 40 265) (Rome: 6798 664).

هكذا من الأصل

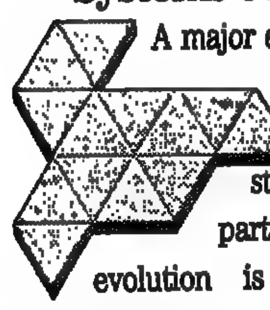
Olivetti announces the PCs that respect your right to make your own decisions.



The arrival of the personal computer revolutionised the way businesses were run, bringing speed and efficiency that were previously unthinkable.

That revolution, like all technological revolutions, was producer-led. But the world since the revolution has changed. Business accepted and exploited the new technology. It invested in it, often heavily. The business customer today is literate in the new technology, and is articulate enough clearly to communicate his needs. Olivetti believes that the respor sible producer should listen to him.

Systems evolution



A major evolution in recent years has been in the role of the PC itself, from a stand-alone machine into part of a system. And this evolution is closely reflected in Olivetti's approach. For Olivetti, PCs are conceived as the building blocks of a system.

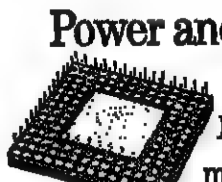
This user requirement for a systems approach has demanded increasingly powerful and sophisticated technology. The consumer has, in a sense, retaken the initiative. How should the producer respond?

Olivetti's view is clear. Today's user is not only technologically literate but also financially committed. Naturally, he expects products that will offer him all the benefits of state-of-the-art technology.

But he also has a right to expect products that will leave him free to enter and structure the system as and when he wants to. He needs a high degree of interconnectibility, workstations that offer the best possible price/performance ratio. And he wants to be free to work with the market standard of his own choosing.

This is what Olivetti has set out to give him with its new PC offering.

Power and flexibility

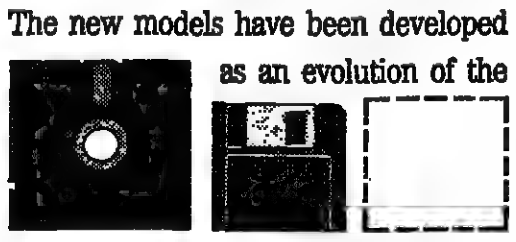


At the top of Olivetti's new PC range will be three models using the powerful 80386 microchip. These will be the fastest, most powerful PCs available, reflecting the trend for the PC to operate as server in local networks that can in turn be integrated with minicomputer environments.

These new models range from the M 380/T tower model to the M 380 and the compact M 380/C desktop workstations. The M 380 line will be flanked by a series of new PCs available in a wide range of configurations. These will include the M 280, a powerful and extremely fast personal based on the 80286 chip with the potential for multi-tasking, the S 281, another 80286-based workstation specifically designed to operate in LAN environments, and the M 240, a potent workstation that represents a natural evolution of the highly successful (and widely emulated) M 24.

Compatibility commitment

The new models have been developed as an evolution of the



existing Olivetti PC range. They are all fully compatible with market standards. (They offer, for example, a free choice of 5.25 and/or 3.5 inch floppy disks.) Indeed, it is Olivetti's firm intention to guarantee full compatibility with current market standards. Whatever they may be. The new models will thus take their place alongside Olivetti's existing PCs (including the recently introduced portable M 15) to offer the customer a complete range of choice in planning his systems.

They offer him full compatibility with his installed base, high computing power, integrated, ergonomically valid configurations and a modular approach that will allow him to expand the system exactly according to his needs.

Complete solution

As well as respecting the customer's *existing investment, Olivetti is committed* to protecting and supporting it in the future.

The completeness of the new Olivetti PC range is matched by the completeness of Olivetti's global offer, which embraces the whole spectrum of PC-related products, from software to printers.

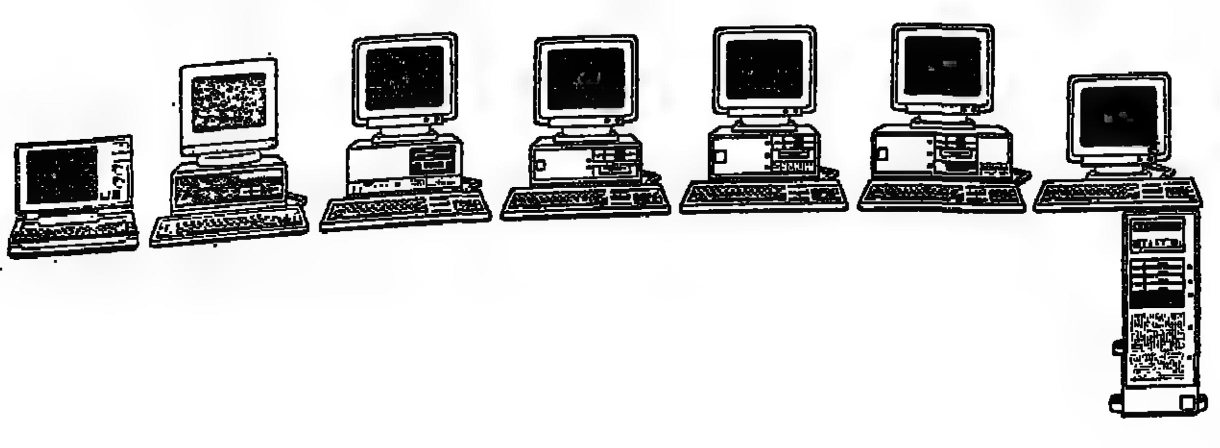
In addition, Olivetti's highly-qualified dealer network and internal staff are at the disposal of clients to assist in interpreting their needs and to provide full after-sales back up service.

The new Olivetti PC offering has thus been conceived to give the user the maximum freedom of choice.

To leave him free to grow and evolve rather than to tie him down.

That is why we see the new Olivetti PCs as the choice of freedom.

olivetti



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Tuesday June 30 1987

Gorbachev's reforms

THE MEETING of the central committee of the Soviet Communist Party just finished in Moscow marks a crucial shift from piecemeal economic change to radical reform of the entire Soviet economic system.

Mr Mikhail Gorbachev's name has always been vaguely associated with reform since he came to power, and this tends to blur the significance of the turn made last week in the way the Soviet Union runs its economy.

In fact political change, notably in the form of greater freedom of expression, has far outpaced economic reforms over the past two years. The system of directing the whole economy from Moscow continued much as it has done since it was set up by Stalin between 1929 and 1932.

It is this which Mr Gorbachev now plans to transform by limiting the power of the central economic organs to overall policy, giving enterprises independence and ultimately allowing wholesale trade to determine the balance between supply and demand.

Outlining the agenda and timescale of reforms Mr Gorbachev said he expected it would take about three years to put them in place in time for the next five year plan which starts in 1991. This sounds realistic. The Hungarian economic reforms, to which Mr Gorbachev's proposals must be compared, were first drafted in 1965 and only implemented in 1968.

Popular resistance

Three years will certainly be needed, if not more, to change the whole price system. The way this is handled is critical for the success of reform. All the talk of the financially independent enterprise the efficiency of which will be judged by profits made by selling goods competitively is meaningless unless the enterprise is free to fix its prices.

This means a complete change from the present system under which prices are fixed centrally by the State Committee for Prices and do not reflect a balance between supply and demand. Mr Gorbachev said last week that the inability of factories to get higher prices for better products meant they had no incentive to improve quality or introduce new technology.

But the switch to wholesale trade, while essential in the long term for eliminating shortages, is also a dangerous period. It has been the key test for economic change in Eastern Europe. On three occasions economic reform in Poland has collapsed because of popular resistance to price increases.

Mr Gorbachev is in a far stronger political position than any Polish leader but he still needs to tread carefully between now and 1991. Stocks need to be built up to meet an initial surge in demand and where these can not be obtained at home it would be worth allocating hard currency to import them. Everything possible should be done to prevent a short-term drop in the standard of living before the reforms start to show dividends.

Competitive basis

A new system of price formation is necessary to transform the entire economy but quicker results could be obtained by limited private enterprise in agriculture and services. New laws now allow Soviet citizens to be self-employed or to establish co-operatives as second jobs but Mr Gorbachev himself pointed out that they are still hedged in by a thicket of regulations administered by unsympathetic officials.

The Soviet leader is also obviously eager to protect Soviet defence industry from the impact of losing its priority position in the economy. This will apparently be done by the state asking for bids for defence contracts but because of the specialised needs of the military there is seldom more than one supplier so Soviet military industry will continue much as before.

Monopoly suppliers are also likely to emerge in the civilian part of the economy. It is not enough to shift to wholesale trade: if there is no competition between suppliers then the Soviet economy will continue to be a sellers' market. For the same reason it might also be worth while letting foreign companies bid for some Soviet contracts on a competitive basis.

There will obviously be resistance by central economic administrators in Moscow to changes which so reduce their authority but there is not much they can do about it. In contrast to China, political change in the Soviet Union has preceded economic reform and this makes it much more difficult for political conservatives to attack the measures introduced by Mr Gorbachev.

The functions of town halls

THE GOVERNMENT is running the risk of creating a worse mess in local administration than that which already exists. The reason is that neither its motives nor its methods have been clearly thought through. Whatever their inherent merits, its inner-city initiatives can be seen as an attempt to strip local government of its principal remaining powers, first by allowing tenants, housing estates, schools and, in the case of London, entire boroughs to opt out of structures that are currently administered by elected authorities—and subsequently by obliging local councils to put out to tender a whole range of services that they have until now run themselves.

This follows eight years of expenditure controls, culminating in rate-capping and the proposal to centralise the setting of the rate on business premises. The remaining item on the agenda, the plan to replace domestic rates with a community charge, or poll tax, has already been shown to have so many flaws that it is open to doubt whether it will see the light of day in its original form. Thus when the Soviet Union is being apprised by Mr Gorbachev of the diseconomies of an excess of centralisation, the British Government is embarking on a programme that could reduce local councils to talking-shops, with a consequent enhancement of the central powers and responsibilities of Whitehall.

Local needs

Some of the reasons for this are understandable. Most Labour councils have sought to oppose the Government's policies, and a few of them have gone further and attempted to live beyond the law. In inner London, Liverpool and elsewhere "loony left" cliques have imposed their own often bizarre policies on captive councils. Local expenditure has proved difficult to control; this has been a source of Treasury frustration since the last Labour Government first saw the need to put a lid on town hall spending. "Creative accounting" has become the norm in some areas. Perhaps worst of all, many councils have failed to deliver the goods in terms of better housing or schools of a reasonable standard.

It is thus fairly common ground that local government in Britain is in need of reform. Reform is however, quite different from the virtual abolition that is the logical conclusion of the Government's present policies. For there are many reasons why a healthy local democracy ought to be nurtured. It is not necessarily a bad thing that opposition parties should be able to capture local centres of power, partly as a training-ground for national office, and partly as a means of enabling local communities to vote the other way if they so choose. Local institutions are by definition more likely to be aware of local needs than are far-off officials. And, as is argued in the latest Oxford Review of Economic Policy, the ability of central government to evaluate the efficiency of local spending is very limited.

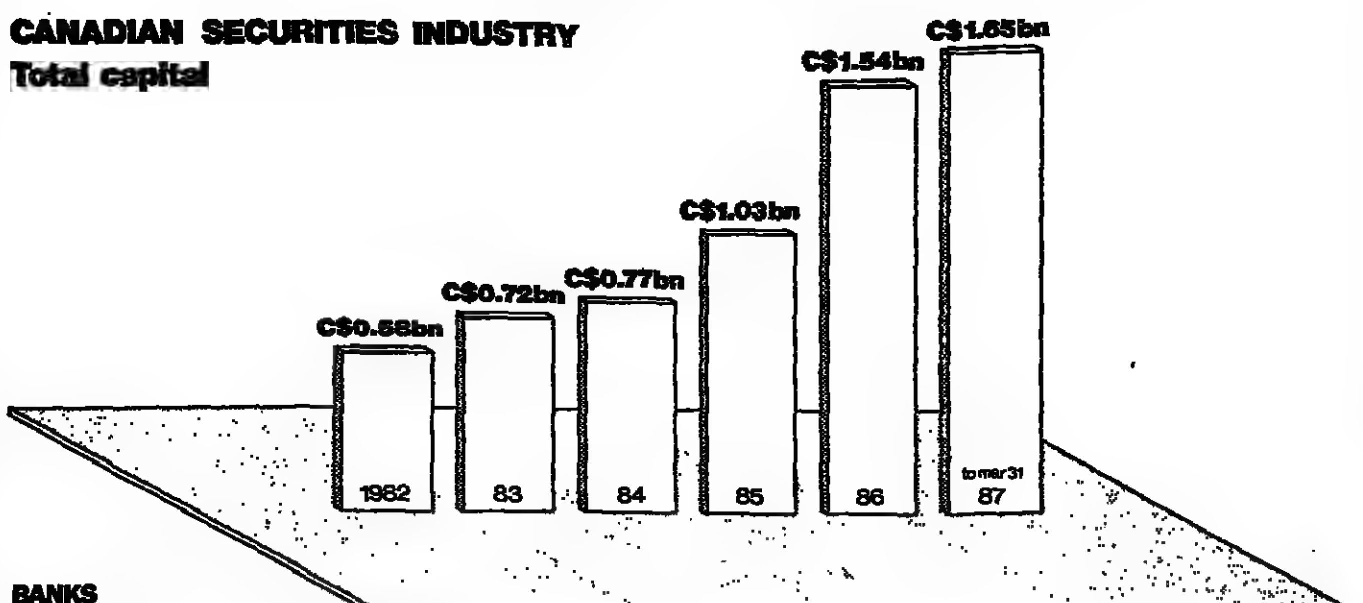
Wide scope

The review points out the limits of the capacity of either central government or, in some cases, the private sector to perform various tasks — providing parks, for example, or the management of local planning and traffic control. These and others are best locally administered; the drawing of the dividing line must be based on a whole range of different pragmatic considerations. The thrust of the argument is in favour of central government deciding on priorities for major distributional, public spending, with local government being given wide scope to implement the central policies.

No progress will be made in this or any other direction of reform until the structures of local government is analysed in tandem with the means of financing it. The history of commissions on and studies of local authorities since the war is a history of efforts to solve one half of a simultaneous equation without regard for the other. No doubt the Thatcher Government's community charge proposals, given enough time, could be made to work. But that would not clear up the problem. A two-pronged approach is required.

Bernard Simon in Toronto assesses the impact of Canada's "Little Bang" deregulation of financial services

CANADIAN SECURITIES INDUSTRY
Total capital



LEADING INSTITUTIONS' ASSETS 1986 C$bn

BANKS		LIFE INSURERS		TRUST COMPANIES		SECURITIES DEALERS	
Royal Bank of Canada	99.6	Sun Life Assurance of Canada	19.3	Canada Trustco	24.1	Dominion Securities	275.0
Bank of Montreal	87.2	Manufacturers Life	19.1	Royal Trustco	19.5	Wood Gundy	168.3
Canadian Imperial Bank of Commerce	80.8	Great-West Life	13.0	National Victoria & Grey Trustco	9.7	Gordon Capital	155.1
Bank of Nova Scotia	64.0	Confederation Life	8.7	Montreal Trustco	7.1	Nesbitt Thomson Deacon	118.9
Toronto-Dominion Bank	51.4	Mutual Life	8.5			McLeod Young Weir	108.1
National Bank of Canada	27.9						

The four pillars are shaken

CANADA'S FINANCIAL services industry, long accustomed to a cosy climate of stability and certainty, takes a big leap into the unknown today as it enters the first stage of deregulation.

Nicknamed the Little Bang (to distinguish it from the bigger event in London last year), the Canadian financial services revolution will not only change fundamentally the shape of the domestic industry but will also expose it to the full force of international competition.

The Canadians, with typical caution, hope to minimise casualties by stretching their reforms over at least a year. Thus it will be some time before clear winners and losers can be identified.

Judging by early experience, market participants (both Canadian and foreign) are treading more warily in Toronto than they did in the run-up to London's Big Bang. The pace of mergers and takeovers in the securities industry is less frantic, the demand for 23-year-old bond traders is a little more subdued, and there is (at least so far) no noticeable flood of imported sports cars on Toronto's streets.

The gradualist approach, however, does not detract from the importance of the changes under way, including some significant ripples beyond Canada's borders. Mr Stanley Beck, chairman of the Ontario Securities Commission and one of the driving forces behind the Little Bang, says the reforms "will ensure Toronto's place as a major international market."

With the world's fourth biggest equity market, Canada is widely acknowledged to be among the leaders of the second league of financial centres, after the US, Britain and Japan. The country's three main stock exchanges, in Toronto, Montreal and Vancouver, already have a wider international following than most European bourses.

Canadian borrowers, such as provincial governments and power utilities, are among the most active participants on international capital markets. In addition, the number of foreign entities tapping the Euro-Canadian dollar market has grown rapidly in the past year.

The reforms are especially important for Canadian financial institutions seeking to broaden their horizons in an increasingly competitive market place. The six big banks (led by Royal Bank of Canada, Bank of Montreal and Canadian Imperial Bank of Commerce), such well-known insurers as Sun Life of Canada and Manufacturers Life, and securities firms like Wood Gundy, are among groups which hope to strengthen and diversify their bases as a result of deregulation.

In a nutshell, the reforms mark the end of the traditional four pillars of the Canadian financial services industry. Each of the four—banks, trust companies (quasi-banking institutions based on home mortgage and fiduciary business), insurers and securities firms—has in the past been either limited to or specifically barred from some types of business.

From today, any Canadian company, whether a financial institution or not, can enter the securities business by acquiring an existing firm or setting up a new subsidiary.

To give Canadian investors a head start, foreign shareholdings in full-service securities dealers are limited to 50 per cent until mid-1988. Foreign firms can set up wholly owned subsidiaries now only if they stick to the exempt, or institutional market.

The disappearance of the four pillars will be confirmed by imminent changes in the regulation of financial institutions. The jobs of inspector-general of banks and superintendent of insurance will be rolled into one superintendent of financial institutions, responsible for federally-chartered banks, trust companies and insurers.

The next stage in the reform process will come later this summer when Ottawa plans to publish draft legislation liberalising the functions of federally-regulated institutions. The new law is expected, for the first time, to give trust and insurance companies full commercial lending powers. Banks will be allowed to offer investment advice and portfolio-management services.

In addition, each type of institution will, through so-called networking, be allowed to offer the services now provided by others. The only exception will be the retailing of insurance policies, which will remain the preserve of insurance companies.

The changes are designed to sweep away some of the constraints which have hampered the competitiveness of Canadian financial service companies. For instance, although Canadian banks have extensive international investment banking arms, the ban on corporate underwriting at home has made it more difficult for them to gain lead positions in Canadian borrowers' Euromarket financings.

By the same token, ownership curbs in the domestic securities industry have starved it of new capital. The combined capital of the 80 or so Canadian investment dealers is less than half each of the biggest US and Japanese securities firms.

Pressure for change has mounted steadily in the past three years.

Four specific developments have opened the clubby Canadian establishment's eyes to the necessity of keeping up with the times.

● The realisation that the banks could not be kept in a straitjacket of lending and deposit-taking was brought home by Toronto-Dominion Bank's application to start a discount brokerage service in 1985. Since then, the banks have played a leading part in pressing for wider powers.

● The difficulty of keeping foreign institutions at bay became clear in 1984 when Daly Gordon Securities (now Gordon Capital) one of Toronto's most aggressive securities firm, found a legal loophole to form a joint venture with the Bruxelles Lambert Group of Belgium. Although the initiative came to nothing, it ignited a spirited debate on foreign ownership in the securities industry.

> The reform proposals are designed as much to rein in the conglomerates as to assist the four pillars

● Opposition to broader ownership in the securities industry seems to have wilted as the bull market catapulted the market value of members to ever-higher earnings multiples. Almost a dozen firms have gone public in the past 18 omnths.

● The emergence of a number of powerful financial and commercial conglomerates has shaken the industry. Two group in particular—Brascan (conrtolled by the Toronto branch of the Bronfman family of Seagram liquor fame) and the Montreal-based Power Corporation — have stitched together trust companies, insurers, mutual fund purveyors and others to create diverse groups with a far wider reach than any other institution, including the big banks.

Power Corporation is one of the principal shareholders in Pargesa, the fast-growing Swiss investment group. Another of the conglomerates, Crownx, bought a minority interest last year in Mercantile House, the British financial services group.

The reform proposals are designed as much to rein in the conglomerates as to assist the traditional four pillars. The bill, due to be published later this summer, is expected to put the brake on acquisitions in the financial services field by the conglomerates or their constituent parts. Financial institutions linked to commercial or industrial enterprises will be required to make a significant equity stake available to the public.

There has been no rush yet to take advantage of the liberalised ownership rules. Contrary to earlier predictions, none of the Canadian banks has so far bought a securities dealer. After circling each other for several months, Royal Bank and Wood Gundy broke off talks in mid-June.

The two biggest trust companies, Royal Trust and Canada Trust, have said they will stay out of the securities business to avoid conflict of interest with fiduciary clients.

Unlike London's Big Bang, foreign institutions have preferred to set up new subsidiaries in Toronto rather than acquire existing securities firms. They have baulked at paying the high prices—mostly three or four times earnings—demanded by existing firms.

The four major Japanese securities houses as well as Goldman Sachs, Salomon Brothers, Drexel Burnham Lambert and S. G. Warburg, are among the dozen non-Canadian firms which have recently applied for registration as securities dealers in Ontario. They are expected to be followed soon by some of the foreign banks which already have Canadian offshoots, such as Citicorp and Union Bank of Switzerland. But First National Bank of Chicago announced yesterday that it is to acquire a 35 per cent stake in Wood Gundy for C$270m (£126.8m).

Among Canadian banks, there is a real fear of a clash of cultures with the richly paid, risk oriented traders in the securities industry. The banks also face the problem of what to do with their extensive US operations if they buy a securities dealer with a New York office. In terms of the Glass-Steagall Act, they cannot carry on both commercial and investment banking operations south of the border.

The banks have asked the Government to seek exemption for them from Glass-Steagall in return for allowing US banks to enter the Canadian securities business. In the meantime, rather than gamble on an acquisition, three of the big six banks have decided to set up their own securities dealers from scratch.

The benefits of deregulation for Canada's financial services industry may eventually stem as much from changes in attitude as from spectacular mergers and acquisitions. Dismantling traditional barriers between domestic players and opening the market to foreign competition is forcing Canadian institutions to become more quick-footed and innovative.

Mr Thomas Galt, chairman of Sun Life of Canada, points out that the insurance industry is going to be competing head-to-head not only among ourselves, but with trust companies and banks.

Rather than diversify into the securities field, Sun Life plans to meet the competition by enlarging its insurance base, launching new products (such as mutual funds) and offering trustee and other fiduciary services to its pension fund clients.

A Royal Bank official predicts that the biggest successes will come from networking among financial institutions, rather than changes in ownership.

The risk is that, despite the gradualist approach competition is intensifying at a time when financial markets appear to be nearing their peak. A sharp downturn may make Canada's Little Bank louder than most participants expect.

Men and Matters

Mackintosh's productivity

Cameron Mackintosh, the British theatrical producer currently negotiating with American Equity about the Broadway production of Phantom of the Opera, has just celebrated 20 years in the business. In 1967, he put together a touring version of Little Women with £250. His budget for Phantom is $8m. In between, he has weaned 200 productions and has not had a major flop since Anything Goes in 1969.

Mackintosh, who is still only 40, could have done without the US argument. He is fully immersed in his next West End production, Follies, which, at a cost of £1.75m, will take second place to Phantom in the theatrical investment records. It opens at the Shaftesbury next month, starring Broadway favourite Dolores Gray—which is a bit ironic considering the fuss over Sarah Brightman's planned appearance in New York.

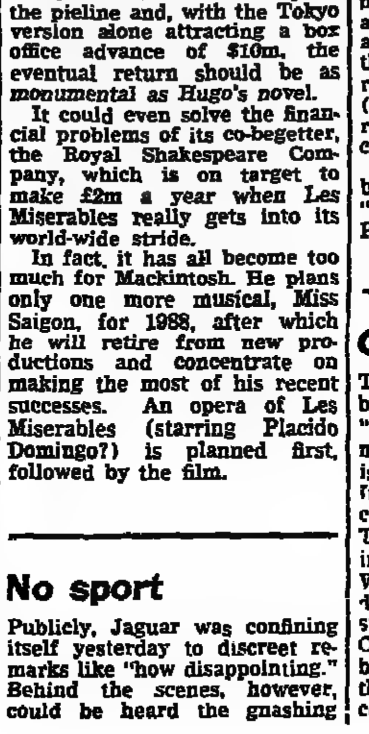
Although Mackintosh still has 50 "angels," some of whom have stayed with him over most of his two decades, the spiralling cost of presenting a musical has now brought in big business. Mutual Benefit Assurance of the US has put £750,000 into Follies, and a New Zealand syndicate has contributed £250,000.

This is a far cry from his greatest success, Cats, which very nearly failed to open because of the doubts of his backers. The £450,000 needed was only raised just before opening night. Anyone who risked £1,000 then will have seen it grow 15-fold. Cats has produced a total profit of £10m.

That now looks as if it will be topped by Les Miserables. Over 20 productions of what has affectionately been dubbed "The Glums" are already in the pieline and, with the Tokyo version alone attracting a box office advance of $10m, the eventual return should be as monumental as Hugo's novel.

It could even solve the financial problems of its co-begetter, the Royal Shakespeare Company, which is on target to make £2m a year when Les Miserables really gets into its world-wide stride.

In fact, it has all become too much for Mackintosh. He plans only one more musical, Miss Saigon, for 1988, after which he will retire from new productions and concentrate on making the most of his recent successes. An opera of Les Miserables (starring Placido Domingo?) is planned first, followed by the film.



"If I couldn't play doubles better than that, I'd join the Alliance"

No sport

Publicly, Jaguar was confining itself yesterday to discreet remarks like "how disappointing." Behind the scenes, however, could be heard the gnashing noises which follow teeth snapping shut—not on intended prey, but fresh air.

Cause of all the angst is that West German rival Porsche, having won the Le Mans 24-hour race in compensation for being beaten 4-0 by Jaguar in the opening four rounds of the world sports car championship, has now officially withdrawn from the championship mid-way through. It claims pressing business elsewhere.

In doing so, it has deprived the British company of the possibility of formally beating Porsche for the world title; a "disappointment" which extends well beyond sport and sportsmanship considerations.

Motor sport is being used by Jaguar as a major marketing tool, on which some £3m a year reputedly is being spent. Winning the world championship against Porsche had been seen as an important way of putting the imprimatur on Jaguar's recovery, avenging Le Mans (the championship's fifth round) and impressing a wider circle of prospective buyers.

A statement from Porsche blamed the withdrawal on the "current work load in the Porsche racing department."

Circle seat

The Untouchables — described by one breathless reviewer as "a celebration of law enforcement as American spectacle"—is the hottest film in New York. It retells the old story of the ceaseless battle by incorruptible Treasury officials against crime in prohibition era Chicago. Written by David Mamet, directed by Brian De Palma and starring Robert De Niro as Al Capone, the film has generated box office lines to rival those of the smash British musicals' successes on Broadway.

Small wonder, then, that one man who recently shelled out $6 for a ticket was Rudolph Giuliani, US attorney for the Southern District of New York. The highly recognisable scourge of Mafia bosses, crooked politicians, Ivan Boesky and other Wall Street miscreants, confessed that he tried undercover tactics to see the film in peace. He donned a Yankees jacket and a Mets cap and sunglasses. But since even the most schizophrenic of sports fans could not support both New York baseball teams simultaneously, he was soon exposed.

Spotting him, a passer-by exclaimed. "Jeeze, you'd think they'd give you a free pass."

Stand fast

"President Louis Jung will open a public sitting of the Assembly's standing committee" (Council of Europe press release).

When the standing committee
is sitting
Each member has got to decide
Whether taking a chair
Is a little unfair
Or better than standing aside.
And when it is standing in
public
(Or sitting, as may be the case)
Let's all express pity
That such a committee
Can seem so unsure of its place.

Numbers game

North Yorkshire County Council now has a new telephone number, Northallerton 780780.

The press release announcing this says that further information can be obtained on Northallerton 3123. This turns out to be the old number—and anyone dialling it gets a recorded message giving them the new number.

Observer

David Fishlock examines the Royal Society's study of the brain drain

A trickle not a flood

ALMOST AS many experienced scientists and engineers have come to Britain over the last 10 years as have left its shores for more rewarding pastures. There is no net brain drain, at least in numbers, and the flow in both directions is small.

These are the unavoidable conclusions of a study mounted by the Royal Society, Britain's premier science society, and the Fellowship of Engineering. These conclusions have come as an uncomfortable surprise to UK academics, who were confident that such an exercise would demonstrate that British science was so impoverished that its dons were leaving in droves for posts overseas.

To the chagrin of some scientists, the study finds the highly publicised brain drain to be what one of the overseers has christened a "brain trickle."

The term brain drain first appeared in the early-1960s, as an evocative way to describe British scientists' custom of spending some time working abroad. It gained currency because of a trend towards newly-qualified PhDs doing a post-graduate spell overseas, often carrying out some of their most creative research under the supervision of leading European or US scientists, before returning to Britain.

In response to the USSR's Sputnik satellite in 1957, the US had embarked on a huge technological expansion, with massive state investment in aviation, space and nuclear energy, and the emergence of glamorous new agencies such as Nasa. It began to lure—or keep—experienced European brains. Britons rose to high positions in Nasa and high-technology US companies, as well as in the universities.

Everyone knew of someone who had struck it rich in the new Californian goldrush. Their stories were repeated widely. The frenetic pace of Silicon Valley and Route 125 was not to the taste of every British traveller, but few were interested in the tales of those who returned.

The essentially anecdotal nature of evidence of the brain drain has been a problem since the term was invented. This time the Royal Society set out to make a statistical study, firmly believing that this would provide more convincing evidence of what was widely perceived as a worsening problem for British science.

Launched early last year, the study was based on a survey of university departments and industry, government and research council establishments. In addition to the two learned societies, there was some private sponsorship.

The study was carried out by the Science and Engineering Policy Studies Unit, a think tank run jointly by the two principal sponsors.

Behind the scenes, replies to the questionnaires have caused consternation. Eminent scientists even had to be reminded that they were in danger of perpetrating "bad science" in their efforts to find a way of interpreting the results to support the prevailing view of a mass exodus of British brains.

Alive to some of the pitfalls of the anecdotal approach, the study tried to design its research to avoid the more obvious ones. For example, the questionnaire asked for the names of the migrant brains, to avoid double-counting or dilution of the statistical evidence with the impressions of whoever was filling in the form.

About 750 questionnaires were sent out and 568 (77 per cent) were returned completed.

The returns named 617 experienced British scientists and engineers who had left Britain between 1975 and 1985, plus another 314 newly-qualified PhDs. During the same decade, 685 named scientists and engineers came to Britain to work, including 183 Britons returning from spells overseas.

Of the 502 foreigners, 103 were recently qualified PhDs coming to do post-graduate research, of whom 15 found permanent work in Britain.

Both emigration and immigration grew slightly over the decade. But, more significantly, the overall numbers were small compared with the 40,000-plus graduating in science and engineering in Britain each year.

The brain drain amounts to about 2 per cent a year of newly-qualified PhDs and 0.5 per cent or less of experienced scientists.

Almost three-quarters of those lured overseas were leaving short-term posts. Most emigrants had found long-term posts abroad, including recently qualified PhDs.

Immigrants, on the other hand, mostly came to Britain for less than three years, then returned home or moved on to another country. Four times as many scientists left Britain for long-term posts abroad as entered to take up long-term posts in Britain.

North America (60 per cent), western Europe and Australia were the main destinations. The three reasons emigrants usually cited for going were: career opportunities (and career limitations in Britain), better pay (especially by university respondents) and better research facilities.

The brain infusion was mainly from western Europe. The most important reason given was a desire to widen experience.

"I think there has been a false perception in people's minds that there has been a *flood of people leaving the country*," says Sir David Smith, secretary of the Royal Society and chairman of the study's steering group. Previously there was a sorry shortage of statistical information and the figures now available show that, on a simple head count, there seems to be "nothing to worry about"—the brain trickle is in balance.

Nevertheless, Sir David believes that head counts conceal some disturbing trends which, even if they fail to support allegations of a mass exodus, do give cause for worry. The problem is rooted in a fact of science: the very best can be immensely more productive than the merely good.

The study wrestled hard with the elusive question of whether it could measure quality—brain power—rather than numbers. Did the immigrant scientists have the same brain power as those who left Britain? Science can measure brain activity, but it has no comparable way of measuring brain power.

The closest this study comes is to examine the statistics for the Royal Society itself, which comprises about 1,000 of the country's best technical brains.

The number of new fellows working in the US at the time of their election rose from fewer than 4 per cent in the early-1960s to more than 13 per cent by the mid-1980s. But the rise has not been dramatic in the 1980s—the period of rising complaint about the impoverished state of British science.

Overall, the results of this study appear to exacerbate the divisions in British science between the academics, who want more generous public support for their traditional freedom to pursue knowledge any way they choose, and industry and the Government which want academic science more closely aligned with economic and industrial objectives.

Sir David says scientists from the commercial sector who helped oversee the study show much less concern over the brain drain idea. They are already operating in a multinational environment and they find ways to keep the brains they really want.

Universities are much more hamstrung. He believes that in some areas, such as the biosciences, his own bailiwick, it is becoming difficult to fill posts in British universities because of the lure of the biotechnology boom in the US.

It is not the brain drain of "stars" that most worries Sir David.

More alarming is the trend towards Britain becoming a less attractive place for the brilliant young don, at a time when the US academic community is warning its Government that it must do more to ensure there is enough talent in key areas of national interest, such as the biosciences and materials science. So Britain could be in danger of giving away an expensive investment in training scientific brains. But it is a problem for the future, rather than one of the past or present.

Why university scientists left Britain 1975-85

Reason*	No.	Per cent
Rates of pay	95	14
Status of science	33	5
Scientific vigour	44	6
Standard of living	41	6
Political climate	2	less than 1
Facilities	92	13
Personal reasons	30	4
Career opportunities abroad	125	18
Career limitations in UK	122	18
Working conditions	14	2
Desire to widen experience	86	12
Other	7	1

* Respondents could choose up to three reasons.

FOREIGN AFFAIRS

The wrong midsummer manoeuvre

THE PROBABILITY that a Euromissiles deal between the US and the Soviet Union will be reached in the autumn has raised all the old spectres of a "decoupling" of the US from Europe and stimulated widespread interest in European defence co-operation projects.

The latest proposal by Chancellor Helmut Kohl for the creation of an integrated Franco-German army brigade is one such idea which, however difficult to implement, is symptomatic of European anxieties.

It is, of course, not the first time that the European allies have suffered jitters as the result of Washington's policies towards the Soviet Union. It happens every time the two *superpowers are about to conclude* some kind of arms control agreement, or whenever there are rumblings in Congress about possible US troop withdrawals from Europe.

Europe's fears of abandonment by the US, if voiced persistently enough, usually produce a cure in the form of political reassurances from Washington, and sometimes—as in the deployment of Pershing 2 and cruise missiles in Europe—a stronger military commitment.

If, *in the present instance*, the symptoms appear to be more intractable, it is because the latest arms control proposals, coupled with the radical nuclear disarmament ideas expressed at last year's Reykjavik summit, have raised doubts about the US' long-term commitment to the defence of Europe.

It would be idle to suppose that West German—or indeed French and British—concern about the dangers of a denuclearised Europe has been dissipated just because the European allies gave the US their support, at the recent Nato meeting in Reykjavik, for the negotiation of a "double zero" missiles agreement with the Russians.

For even though London and Paris appear to have overcome their hesitations, and the squabbles between the coalition partners in Bonn have been sorted out superficially, Europe remains in an acute state of schizophrenia about Mr Gorbachev's proposals.

There can be little doubt that public opinion in all three countries would find it difficult to understand the rejection of an arms control agreement ridding Europe of all but the very shortest-range nuclear missiles. At the same time, leaders of the three governments are painfully aware that what is really at stake is the western alliance's fundamental defence strategy.

The Washington Administration can argue until it is blue in the face that, even after a Euromissiles deal, Europe will still be able to depend on an American strategic and tactical nuclear umbrella, and that Nato's strategy of flexible response remains intact. But the fact is that, if all intermediate range nuclear forces (INF) are eliminated from Europe, an important stage will have been taken out of the Alliance's graduated response system. That is a crucial consideration, given the widespread scepticism about the US's willingness to use the ultimate strategic nuclear deterrent in Europe's defence.

Sir Geoffrey Howe, Britain's Foreign Secretary, can hardly be accused of not being a loyal ally. Yet he voiced European

fears in the clearest possible terms in a speech to the Belgian Institute of International Relations even before Mr Gorbachev doubled his zero option in April. "Europe no longer dominates American thinking as much as it did in the past . . ." he said. "A distaste for reliance on nuclear weapons is not a new phenomenon in America.

"It is not in the American nature to be happy when held hostage to an irresistible threat. Some have long questioned whether the US would ever be prepared to use nuclear weapons in response to a Warsaw Pact conventional attack in Europe."

Chancellor Kohl's proposal for the formation of a Franco-German brigade must be seen in this context. All the Nato allies—not least the US—agree that, following an INF deal, the problem of conventional forces will assume much greater importance. Since it is scarcely conceivable that the US will agree to make a bigger effort in this field—indeed the trend is in the opposite direction—the Europeans will be required to play a much greater role in their own defence.

No one in Paris or Bonn doubts that such a development would have to be based, in the first instance, on a much greater co-ordination of the two major Continental powers' military efforts.

However, Mr Kohl is putting

Europe remains in a state of schizophrenia about a 'double zero' missiles agreement with the Soviets

the cart before the horse by proposing a joint brigade before attempting to sort out the infinitely more basic and thorny question of the incompatibility of German and French military strategy and doctrine. In addition, there is the little matter of the absence of a joint European foreign policy which would set the political objectives for common military operations.

What, it may be asked, is the point of putting a bunch of German soldiers into kepis and filling their knapsacks with camembert if there is no agreement on whom they are going to fight or what they should defend?

Like it or not, the French must accept that the West German armed forces are fully integrated in Nato and are thus subject to the orders of the Supreme Allied Commander in Europe. France, on the other hand, was taken out of Nato's integrated military command—though not out of the Alliance—by General de Gaulle in 1966 and has a national defence policy based essentially on an independent nuclear deterrent.

The long-standing Gaullist doctrine that the "force de frappe" must be used only to defend France's national "sanctuary" would preclude the extension of the French nuclear shield to West Germany, as has been suggested by a number of prominent West German Christian Democrats and Mr Laurent Fabius, the former French Socialist Prime Minister.

The proponents of this idea argue that such a gesture would be a dramatic demonstration by France of its commitment to the forward defence of Europe. There can be no doubt that it would be seen by others in this light. The only snag is that neither President Mitterrand nor Mr Jacques Chirac's Government appear prepared to grasp such a dangerous nettle at the moment, particularly with a French presidential election on the horizon.

The best Mr Chirac can do when this problem is posed is to tie himself up in sibylline knots. Phrases like "France's security begins on the Elbe, but its survival is at stake on the Rhine" can only reinforce the view that the sacrosanct Gaullist defence doctrine is not about to be jettisoned.

Nor, when push comes to shove, would Bonn want to be faced with the dilemma of having to choose between a Nato—mainly US—security guarantee and one provided by France. If the two systems cannot be reconciled, the betting must always be that it will plump for the former.

What the West Germans and other members of the Alliance would obviously like to see—and this is probably Mr Kohl's unspoken objective—is closer links between France and Nato.

There are certainly no illusions that France will return to Nato's integrated military command. President Mitterrand has said as much in categorical terms. But he has also stated equally firmly his belief in the Atlantic Alliance as one of the main pillars of French security. Significantly, at the Nato meeting in Reykjavik, Paris signalled that it wanted to take a more active part in the organisation's work.

That, for the moment, offers a more realistic prospect of sorting out the strategic and doctrinal contradictions, inherent in defence projects embracing France and West Germany, than any mid-summer gimmick of dressing up in each other's uniforms.

Robert Mauthner

Letters to the Editor

Anachronistic tax

From Mr F. Carr

Sir,—Capital Gains Tax is looking increasingly anachronistic, and there seem to be logical and compelling reasons why it should at least be substantially modified.

In the first place, it interferes with free market forces. Although there are not the gross distortions that short term gains taxed as income produced—Poseidon would never have hit £125 a share otherwise—I estimate that in our client base alone there is around £500m of shares which the owners do not want to sell because of unwillingness to pay CGT. Given that CGT is an expensive tax to collect, there is an argument which says that by removing CGT, turnover increases and with it the take from stamp duty.

Another anomaly is the CGT exemption on disposal of an individual's principal residence. It seems strange that we can borrow up to the hilt to buy a principal residence (which increasingly seems to be regarded as much as an investment as a roof) with a view in many cases to making a thumping great tax-free profit and then trading down. Stock Exchange investments, however, the increased use of which I would have thought were more useful in the long run to the economy than residential property, are clobbered.

With a nice majority and up to five years to run, wouldn't now be the time for the Chancellor to look at CGT in the context of why Selwyn Lloyd introduced it in the first place (in the 1962 Finance Act), how it has ended up in its current state of Byzantine complexity and whether it is relevant in today's political and economic climate?

Obviously it is politically undesirable to be seen to be encouraging Stock Market speculation, or indeed any other form of short term "investment," but neither should speculators be discouraged too much, for fear of destroying the liquidity of the market.

Today, however, it can hardly be politically dangerous to be seen to be encouraging genuine equity investment instead of residential property investment.

The best solution would be to do away with the damn thing completely but obviously this won't happen and there is, I believe, a relatively simple alternative which would satisfy the three planks upon which taxation rests—efficiency, equity and administration.

This would be to retain CGT at a flat rate of 30 per cent on chargeable gains realised within six months, reduce the personal exemption and abandon indexation. Gains realised after that period would be exempt. It is not practical to apply this to residential property, but you could discourage rapid movement by increasing stamp duty, which would then be partially refunded after more than one year's residence.

Fred Carr,
Capel-Cure Myers,
65, Holborn Viaduct, EC1.

Tunnel vision

From Mr C. Burt

Sir,—Anyone who frequently crosses the channel knows there is ample capacity at present. Furthermore, it is obvious when demand increases it can be readily satisfied by introducing additional ferries, or by substituting larger ferries, at modest capital cost—at least modest relative to the projected cost of the tunnel!

Given the capacity situation, normal commercial considerations would suggest Eurotunnel, to justify its multi-billion pound speculative plunge, should hold out a reasonable expectation of it providing substantially cheaper transportation for freight and passengers. It does not.

The only other valid reason for building the tunnel could be reduced journey time; but let us look at this. If the tunnel is built, it is possible that passengers may be able to travel between London and Continental destinations some two hours more quickly than if they use a ferry or hovercraft, but this would largely be because road and rail facilities on both sides of the Channel are to be upgraded, something which can still be done, without the tunnel being built. For real speed, people will continue to fly, making use of the new London Stolport where appropriate.

To get freight from A to B a few hours quicker is of no commercial consequence, and does it really matter whether it takes the family 24 or 26 hours to reach its favourite Mediterranean resort?

The foregoing strongly suggests the tunnel should not be built. The scenario, however, becomes much more worrying if, as is quite probable, two or three years into construction it becomes clear, that to complete the project will cost perhaps £3bn more than forecast. At this point it is too late to stop, so the Government steps in to bale out the project, or, alternatively shareholders are taught a capitalist lesson and are allowed to go to the wall while the banks pour more money in, in order to complete. Either way the nation ends up with a tunnel it doesn't need at a cost which makes no economic sense. At least the Sydney Opera House fills a need and is beautiful!

The enormity of the proposed expenditure seems to have numbed the common sense of our politicians. It is for this reason we must turn to our last line of defence, the men and women who manage institutional money. Please do your organisations, your own reputations and the nation a good turn by refusing to finance this gigantic boondoggle.

Christopher H. Burt.
Rue de Bemel 28 Bte. 4,
1150 Brussels.

Agricultural reforms

From Professor A. Buckwell

Sir,—I was cheered by the news that a non-farmer had been appointed Minister of Agriculture (the first such case for a Conservative Government for a long time). This optimism was short-lived as I read your report (June 24) of his speech to the agriculture EDC. The minister apparently stated that "Our aim must be agricultural reforms worldwide to bring production and support back to more realistic levels while ensuring a decent standard of living for all in agriculture."

The first part of this sentence is entirely clear and correct. It emanates from the commitments made by trade Ministers at the Punta del Este meeting of the GATT and repeated by heads of state at the Venice summit. The last part of the sentence however is at best confusing and ambiguous. If it is taken at face value it betrays either a fundamental misunderstanding of the current problem of agriculture or a gross deceit on present farmers and farmworkers.

The minister surely cannot be making an open ended offer to protect the standard of living of all those currently engaged in agriculture regardless of their efficiency, costs of production or whether there is a market for their produce.

Although he has been at his job for only several weeks, it is time the Minister of Agriculture understood that it is quite impossible simultaneously to reduce agricultural output, reduce supports to farmers and ensure a decent standard of living (preserve the incomes?) for all those in agriculture.

Reducing over-production and the consequential public costs are inescapable goals. It would be more realistic and constructive if farm ministers confronted farmers with the awful truth that the pursuit of these goals must mean fewer farmers if any of them are to have decent standards of living.

(Professor) Allan Buckwell,
Department of Agricultural Economics, Wye College,
University of London,
Wye, Ashford, Kent.

Representation and taxation

From Mr J. Shaw

Sir, — On the first day of the current session of Parliament your paper reports (June 26): "Mr David Blunkett, Labour, former the leader of Sheffield City Council, pleaded for the recognition of the political, economic and social diversity of the UK rather than having policies imposed on local communities by central Government."

Mr Blunkett is then reported to have stated that "Local councils, like trade unions, had stood in the way of restructuring of our economic and social life, so that instead of the democracy of the ballot box, the democracy of the bank balance will be the operation of our democracy in a Conservative Britain."

So far as the disbursement of local government funds is concerned, there is no democracy of the ballot box and certainly there is no democracy of the bank balance — at least not in so far as the providers of local government monies are concerned.

In Manchester, for example, I believe some 70 per cent of the rates, by value, are contributed by businesses which have no vote in local elections. Of the

FURTHER LETTERS Page 35

30 per cent of the rate contributed other than by businesses, probably little more than one-third of eligible voters ever bother to cast their vote in local elections, and not all those vote in local elections, and not all these votes go to one political persuasion. This means that the mandate for Socialist policies in a once-great city like Manchester is decided by persons who have contributed probably less than one-tenth of the funding necessary to run the community.

Surely this is not democracy at all and central government must do something to overcome the unfairness of this system in which the providers are "milked" to ensure the continued existence of muddled-thinking and partisan councils.

What happened to the old slogan "No taxation without representation?"

J. Neil Shaw.
John Reynolds Group,
21, Quay St, Manchester.

FINANCIAL TIMES

Tuesday June 30 1987

Stewart Fleming evaluates the impact of a moderate Justice's retirement

US Supreme Court in the balance

Conservatives and liberals were full of foreboding last Friday following the announcement that moderate US Supreme Court Justice Lewis S. Powell was retiring.

The vacancy opens the way for President Ronald Reagan to appoint a conservative in his place and tip the balance of the Supreme Court to the right perhaps for a generation.

Suddenly the right wing sensed its best, and perhaps its last, opportunity for years to realise the dream of seeing laws reflect its robust convictions such as abortion being immoral.

'We seem to be only one vote away from ending the abortion holocaust,' said right-wing Republican Senator Gordon Humphrey.

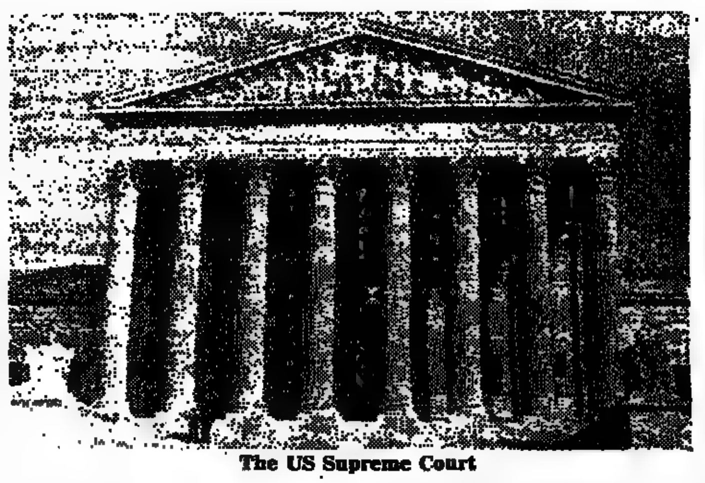
'I am appalled. This means a lot of bad things for the civil rights community,' countered Ms Marcia Levick, director of the National Organisation for Women's Legal Defence Fund.

That the resignation of a gentle 79-year-old lawyer, who is looking forward to the opportunity to 'start playing tennis again' should trigger such emotive reaction reflects a number of factors.

In part, it is a response to the man himself and the role he has played at the Supreme Court, a role which led one observer to describe him as 'the most powerful individual in America.'

In part, the judgments reflect the central role which the Supreme Court itself plays in American political life.

Both right and left recognise the power of the Supreme Court in equal measure. In the 1950s it was not the Congress but the Supreme Court, in its role as the interpreter of legislation, which made the key decision that led to the breakdown of segregation. Its decisions have also led to the reinstatement of the death penalty and the assertion,


The US Supreme Court

in 1973, of a constitutional right to an abortion.

Justice Powell has been the pivotal figure on the court in recent years. A moderate, appointed in 1972 by President Richard Nixon, he has generally sided with the liberal wing of the nine-member bench on social issues. He has been firm in opposing judgments that might narrow the separation of church and state and he has resisted right-wing conservative efforts to ban abortion.

Frequently, he has been the fifth or swing vote on such cases. Just as consistently, however, on issues involving criminal law he has joined with the right wing of the court. He has for example, opposed efforts to declare the death penalty unconstitutional.

Were President Reagan to succeed in nominating an ideological conservative to the bench to replace him, the balance of power on social issues could shift decisively to the right.

The possibility of an historic transformation in the tenor of the Supreme Court's judgments may be tantalisingly close but the President's right-wing supporters know that it is by no means assured. Already, the subtle checks and balances on the powers of the different branches of government are in evidence.

Much as Mr Reagan and his conservative allies might like to tilt the balance of the court firmly to the right, their capacity to do so is in doubt. To achieve this goal, the President must quickly nominate a Justice who shares his conservative social philosophy and secure his confirmation by the Senate.

But Mr Reagan's opportunity comes at a time when his authority is eroding. Moreover, the Senate, which must approve his choice, is now in the hands of the rival Democrats, and the Judiciary Committee which will first consider the president's nomination is chaired by Senator Joseph Biden, a Democratic presidential candidate who has already signalled his intention to oppose vigorously the appointment of a right-wing Conservative.

Senator Biden's initial response has unleashed a storm of criticism from the right, which is arguing that the Senate's job is to pass judgment on the competence of whoever the President decides to nominate, not on his or her political philosophy. The liberal response is that the constitution requires the President to seek both the 'advice' and the 'consent' of the Senate before making his nomination.

Given the special circumstances of this appointment - in particular the fact that the next Justice could tilt the balance of the court to the right for the rest of the century - the Democrats are saying they intend to insist on their rights to advise as well as to consent and the President will ignore these rights at his peril. It is no empty threat.

Liberal Democrats are warning that if Mr Reagan nominates an ideologue the confirmation hearings will not begin until after the August recess. Such a delay would strengthen the hand of those telling the President to appoint a moderate.

Signs of divided counsels have already surfaced in the White House, where pragmatists are urging the President to accept political realities and nominate somebody who will not be too controversial and can expect speedy confirmation.

The conservatives are urging the President not to be fainthearted and let pass this historic opportunity to ensure that his political philosophy lives on after he leaves the stage.

The scene is being set for a classic political confrontation. By nominating a conservative the President has an opportunity to rally a demoralised right wing. But he must doubt whether by doing so he can emerge victorious and secure his nominee's confirmation by the Senate.

UK 'brain drain' is a myth says report

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

BRITAIN'S "brain drain" - at least as far as scientists and engineers are concerned - appears to be something of a myth.

This is the principal finding of the first-ever statistical survey conducted of Britain's much-publicised flight of intellect.

Conducted by the prestigious Royal Society, Britain's premier science body, and the Fellowship of Engineers, the study shows that relatively few scientists and engineers have left the UK to work overseas. Moreover, their numbers are almost balanced by foreign scientists arriving to work in Britain.

The study fails to support the case of academics who have argued for a substantial expansion of public funds to try to stem an exodus of scientists already taking place.

Much to the chagrin of some of Britain's scientists one of the study's overseers concludes that the highly publicised "brain drain" is,in reality,no more than a "brain trickle." The numbers leaving amount to less than 2 per cent of the total scientific community a year.

The term "brain drain" first appeared in the early-1960s as an evocative way of describing the custom of British scientists spending some time working abroad, often doing their best work under the supervision of European and US scientists.

Previous studies of the "brain drain" have always relied on anecdotal evidence and have painted a much more alarming picture.

Nevertheless, the study reveals some disturbing trends, suggesting, for example, that trained people leaving the UK may do so on a longer-term basis than those who seek jobs in Britain.

Sir David Smith, biological secretary of the Royal Society and chairman of the team which supervised the study, writes in a foreword: 'The majority of those leaving the UK did so for long-term posts abroad; most foreign scientists and engineers coming to Britain from overseas came for relatively short periods.'

The study disclosed worrying signs that, over the last 10 years, many recent PhDs left Britain without ever having taken up employment in this country,' Sir David writes. A greater proportion of scientists is staying abroad permanently than was the case 10 years ago.

The survey was made by circulating a questionnaire to 750 university and other research centres and groups. Of these, 568 or 77 per cent were completed and returned. Universities achieved an 83 per cent response.

The study also investigated Fellows of the Royal Society, as a self-selected elite of the UK scientific community, and found an increasing proportion was resident abroad at the time of their election. But the proportion has not been growing rapidly during the 1980s.

The migration of scientists and engineers to and from the UK. Published by the Royal Society, 6 Carlton House Terrace, London SW1Y 5AG. £15.

Trickle not a flood, Page 23

Jaguar will spend £1bn in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, the UK luxury cars group, will spend £1bn ($1.61bn) over the next six years to improve and expand its factories in Coventry, its chairman, Sir John Egan, announced yesterday. The company is also prepared to spend an additional £50m a year on research and development.

Sir John insisted all the money - about £190m a year - could be provided from Jaguar's own resources. "The future is looking much more certain", he told the Fleet Street Motoring Group.

The cash will help expand the current two-model Jaguar car range into one of three "families" based on the existing XJ6 saloons and XJS sporting coupe plus a new sports car, probably to be called the F-type.

With these products Jaguar expects to build sales and output, only 14,000 in 1982, to 48,000 this year, about 55,000 in 1988 and more than 100,000 in the mid-1990s.

The body shop and engine production facilities will have to be expanded to cope with this advance, and Sir John said the company would introduce extensive automation to final assembly lines - in spite of the great difficulty this would involve for a company with Jaguar's level of output.

This would enable the company to continue to improve productivity at the rate of 10 per cent to 15 per cent a year without taking on more people.

Since 1981, Jaguar has created 5,000 jobs and is now the biggest employer in the Coventry area. The current workforce of 12,300 would be increased to 12,750 by the end of this year.

If all goes to plan, Jaguar's productivity, 1.2 cars per man per year in 1980 and currently 4 cars, will rise to 5.5 cars by 1990, in line with productivity at its larger West German rivals, Mercedes and BMW.

Changes to Jaguar products would be more frequent - each model would be replaced after eight years, following a major "facelift" after four - so the company could speed the introduction of new technology to its cars, keep up with the Germans and be ahead of the Japanese.

British insurance brokers to merge

BY NICK BUNKER IN LONDON

WILLIS FABER has launched a £253m ($407m) agreed bid for Stewart Wrightson, a fellow UK insurance broker, in a move that could create the world's fifth biggest insurance broking group.

The move was "not defensive, but offensive," said Mr David Rowland, chairman of Wrightson, which is about half the size of Willis, the second biggest UK-based insurance broker after Sedgwick Group.

Mr David Palmer, chairman of Willis, one of London's strongest marine, aviation and reinsurance brokers, said Willis had looked at the league table of the world's leading brokers and seen that they were either very big, or were small specialised companies.

"There is very little middle ground," he said. "We wanted to maintain our position as a major player in the international league."

Willis is offering three of its ordinary shares for every two of Wrightson's in an all-paper offer which values Wrightson at 600p ($9.66) per share, given Willis's share price which closed down 37p at 400p last night. Wrightson gained 85p to 585p.

Mr Rowland said the price was "a full one but a fair one." Willis already holds 4.6 per cent of Wrightson's shares.

The merger proposal follows nearly two months of talks between Willis and Wrightson, which was created out of a merger of three family businesses in the 1970s but is now a big airline insurance broker at Lloyd's of London, a prominent broker to British industrial companies, and a leading broker of so-called "surplus lines" of hard-to-place insurance in the US.

Mr Palmer said the merger would satisfy Willis's aim of expanding earnings on the ground in the US. It also had the blessing of New York-based Johnson & Higgins, which since 1899 has been a key source of business for Willis and has a 5 per cent shareholding in the British group.

J&H had indicated that it wanted to maintain its stake at this level after the merger, Mr Palmer added.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	77	Dubrovnik	S	31	88	Malta	S	26	79	Rhodes	S	28	82
Algiers	S	26	79	Edinburgh	F	21	70	Manchester	C	22	72	Rio de J'o	S	24	75
Amsterdam	S	26	79	Faro	S	26	79	Manila	C	32	90	Rome	F	30	86
Athens	S	31	88	Florence	S	31	88	Melbourne	C	12	54	Salzburg	S	28	82
Bahrain	S	40	104	Frankfurt	S	28	82	Mexico City	-	-	-	San Francisco	C	19	66
Bangkok	S	34	93	Funchal	S	23	73	Miami	C	32	90	Seoul	C	28	82
Barcelona	S	24	75	Geneva	S	26	79	Milan	S	29	84	Singapore	S	33	91
Beirut	-	-	-	Gibraltar	S	22	72	Montreal	C	22	72	Stockholm	C	17	63
Belfast	C	17	63	Glasgow	F	19	66	Moscow	C	17	63	Strasbourg	S	29	84
Belgrade	S	27	81	Guernsey	S	22	72	Munich	S	26	79	Sydney	S	16	61
Berlin	F	28	82	Helsinki	C	17	63	Nairobi	F	23	73	Taipei	C	29	84
Biarritz	C	20	68	H. Kong	S	33	91	Naples	F	31	88	Tangier	C	25	77
Bombay	F	30	86	Innsbruck	S	28	82	Nassau	C	33	91	Tel Aviv	S	30	86
Bordeaux	S	31	88	Inverness	F	18	64	New Delhi	S	41	106	Tenerife	S	25	77
Brussels	F	27	81	Islamabad	S	43	109	New York	C	25	77	Tokyo	C	20	68
Budapest	F	27	81	Istanbul	S	29	84	Nice	S	29	84	Toronto	C	24	75
B. Aires	C	25	77	Jakarta	R	33	91	Nicosia	-	-	-	Tunis	F	27	81
Cairo	S	36	97	Jersey	S	28	82	Oporto	S	20	68	Valencia	F	28	82
Cape Town	S	28	82	Jo'burg	S	18	64	Oslo	S	22	72	Venice	S	30	86
Caracas	C	26	79	Lima	C	20	70	Paris	S	29	84	Vienna	S	26	79
Casablanca	C	23	73	Lisbon	S	29	84	Peking	C	26	79	Warsaw	F	22	72
Chicago	C	30	86	London	C	25	77	Prague	S	26	79	Washington	-	-	-
Cologne	S	29	84	Los Angeles	C	26	79	Reykjavik	C	12	54	Zurich	S	27	81
Copenhagen	R	19	66	Luxembourg	S	27	81								
Corfu	S	32	90	Madrid	S	33	91								
Dallas	-	-	-	Majorca	S	27	81								
Dublin	C	18	64	Malaga	C	25	77								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Guerrillas attack Lebanon prison

GUERRILLAS launched a rocket and machine-gun attack on a controversial prison run by a pro-Israeli militia in south Lebanon, yesterday, wounding at least five militiamen, according to security sources, Reuter reports from Sidon.

The security sources quoted residents of the Khiam village, inside Israel's self-declared border 'security zone,' as saying the guerrillas attacked the Khiam prison early yesterday morning.

Sounds of rocket and heavy machine-gun fire echoed across the village in the first reported attack on the prison, located inside an old barracks run by the pro-Israeli South Lebanon Army (SLA). It is believed to house some 300 to 350 inmates, mostly radical Lebanese Shia Moslems, and stands on a heavily-guarded hilltop at the edge of Khiam.

The sources said at least five SLA militiamen were seen taken in ambulances from the prison to a hospital further south in the Christian town of Marjeyoun, the SLA stronghold.

Caterpillar faces long haul to head off Komatsu

By Ian Rodger in Tokyo

CATERPILLAR TRACTOR, the big US construction equipment group, tomorrow sets out to break down one of Japan's great postwar industrial myths through a joint venture with Shin CM and Mitsubishi.

The myth is about Komatsu, the Japanese construction equipment maker which has grown from relative obscurity to the point where it challenges Caterpillar for world leadership.

As Komatsu officials tell the story, polished from years of retelling, theirs was a small company in the early 1960s, struggling to turn out cheap machines. Suddenly, in 1962, the Japanese Government eliminated most of the high import tariffs and quotas that had been applied on construction equipment. Many analysts predicted that Komatsu and other local companies would be engulfed by the mighty Caterpillar and other US and European giants.

Komatsu managers and workers bent valiantly to the task, developing ever better machines and concentrating on quality control. The company not only survived the Caterpillar onslaught in Japan, it went on to become the US company's major competitor around the world.

The story has a charming quality to it, but it omits a couple of important facts. For example, when Caterpillar arrived in Japan in 1962, Komatsu was already the dominant force in the Japanese market, with a 55 to 60 per cent share, and not the weakling the story suggests.

More important, a glaring strategic mistake meant that Caterpillar was unable until this week to compete in hydraulic excavators, the fastest growing and now largest sector of the Japanese construction equipment market.

For some reason, Caterpillar, which built its fame and fortune on bulldozers, scrapers and other very large machines, ignored the trend to excavators until quite late in the day. It began making them only in the early 1970s.

Even then, the company was effectively frozen out of the Japanese market in this sector. Its entry into Japan in 1962 had been made through a joint venture with Mitsubishi Heavy Industries.

The venture took over MHI's bulldozer and loader lines, but the Japanese company continued some minor lines on its own. Then, when excavators came along, Caterpillar was either not interested or had nothing to offer, and so MHI went ahead on its own in that line too.

Thus a situation evolved in which Caterpillar maintained a healthy share of the bulldozer and loader markets in Japan, but left the fast-growing excavator market to Komatsu, Hitachi, MHI and others.

The US company eventually realised its mistake and tried at various times to convince MHI to bring its excavator operations, which meanwhile had expanded worldwide, into the joint venture. But MHI showed no interest in these proposals until the market started to weaken in the early 1980s.

In 1984, the chairmen of the two companies met and agreed that they were both losing business because they were not full line suppliers.

Last year, the two announced plans to bring MHI's excavators into their joint venture and to consolidate their worldwide excavator marketing. Tomorrow, those plans will be translated into reality with the creation of a new joint venture, Shin Caterpillar-Mitsubishi (Shin CM).

Caterpillar is absorbing MHI's worldwide hydraulic excavator business outside Japan. Within Japan, Shin CM will absorb the manufacturing and distribution activities of both Caterpillar-Mitsubishi and MHI in the leading construction equipment lines. The Mitsubishi name will disappear from excavators (except mini excavators, which it will continue to make on its own).

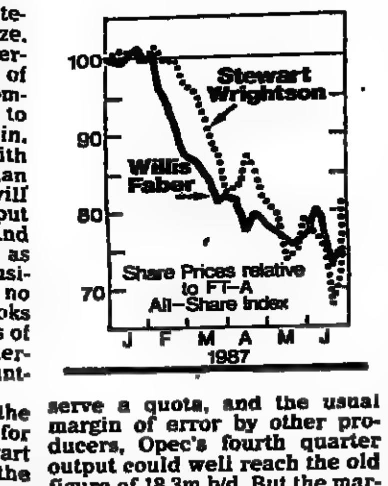
The deal also has a highly innovative element. Shin CM is taking over exclusive responsibility for the design of all Caterpillar excavators. Caterpillar has observed that nearly three-quarters of all the excavators on the market are designed in Japan. Also, because of the importance of the Japanese market, the group feels that the Japanese content in its machines should remain high. Caterpillar has sent 20 engineers from the US to join the design effort.

Whether all this will pay off remains to be seen. The new venture starts from a promising position. MHI has 10 per cent of the world excavator market. Caterpillar 8 per cent. However, even together they are still behind Hitachi, the number two with 21 per cent, and some distance from Komatsu, which leads

THE LEX COLUMN

A calculated risk

There is little arguing with the logic of the Willis Faber/Stewart Wrightson merger. If size, and the ability to spread overheads across a wide range of business, is the only way to compete in a world beginning to show signs of a downturn again, the two had to join forces with someone and who better than each other? In terms of fit it will not take much pushing to put the jigsaw pieces together. And both can make a fair claim, as they would, to be quality businesses. So long as there is no great exodus of staff, it looks like being one of the mergers of old done for reasons of commercial sense rather than accounting wizardry.



The only question is over the terms. If the merger is best for both, why should Stewart Wrightson shareholders get the better end of the deal? They will, on the three for two terms, end up with more than their fair share of the enlarged group. The problem is that with the deal structured as a takeover Willis is almost obliged to pay a premium, if only to keep any unfriendly counter-bidders out. And as Willis has been keen to make an acquisition like this for years it would be foolish to quibble over the price. Arguably a chunk of Willis' earnings - from Morgan Grenfell - are worth less than insurance broking returns anyway. And the dilution, at about 7 per cent this year, should not take too long to overcome given all those savings and benefits which should accrue.

Opec

In the UK it is said that the best way to neutralise a problem is to appoint a Royal Commission to investigate it. Within the Organisation of Petroleum Exporting Countries the standard method of defusing critics is to appoint them to a special committee. So the domination of a new ministerial committee on prices by supporters of a much higher oil price is a sure sign of continuing control by those who favour the $18 barrel and spurring the West to greater consumption of oil.

The decision to change the fourth quarter production ceiling from 18.3m barrels a day to 16.6m b/d was just what was required to keep spot prices buoyant. With Iraq's refusal to observe a quota, and the usual margin of error by other producers, Opec's fourth quarter output could well reach the old figure of 18.3m b/d. But the market should be able to absorb that, when it materialises.

The real test for Opec will be at its next meeting, when members will be confronted with the need, not to allocate production increases, but to share the burden of production cut-backs after the end of the northern hemisphere's winter.

Dowty

Contrary thinking has always been a sure way to make money - so long as everybody else is wrong. Dowty Group has decided, at what might be thought a vulnerable time in the world economic cycle, that its shareholders will best be served if the company gears up. British industry generally has been taking every opportunity to reduce borrowings, but Dowty's smooth ride through the last recession - aided by a strong balance sheet - has left it with fewer neuroses. So although net debt will be about 40 per cent of shareholders' funds following the acquisition of Hydraulic Units Inc, investors should have little fear of being hit with a rights issue, particularly after the injection of more than £20m of overprovided tax back into the equity base.

The 10p rise in the Dowty share price yesterday, to 284p, may seem a bit odd, since the 17 per cent increase in pre-tax profits to £55.7m was already discounted. But the £3.3m charge against redundancies above the line was much bigger than expected, and so the underlying trading performance appears that much stronger. That has raised hopes that, notwithstanding a downturn in the mining business, Dowty could make up to £67m pre-tax this year, putting the shares on a prospective multiple of about 14. Not too expensive, given the high quality of most of the component businesses.

Out of print

At least investing in old master prints like Durer's The Whore of Babylon made a change from taking a humdrum stake in, say, GKN. The British Rail Pension Fund's controversial policy of investing in fine art was concocted, of course, in the very special circumstances of the mid-1970s, when inflation was rocketing to 25 per cent and in the worst year, 1974, the real value of equities halved. The decision was politically clumsy, being in conflict with the normal economic justifications for investment by major institutions, and it was not emulated by any other significant fund. But yesterday's £2m sale at Sotheby's of the collection of prints bought between 1974 and 1980 suggests that the rate of return objectives, at least, were reasonably satisfied.

In aggregate the fund seems to have trebled its money in nominal terms for an overall real return of 3 per cent a year. That would have seemed more than acceptable at the time. Gilt-edged and property have not performed all that much better since then. Yet equities have been another matter entirely, and the opportunity cost of diverting money from the roughly 15 per cent real return on UK ordinary shares has been considerable.

The basic objective of fine art investment for the trustees was, however, as a diversification, and the real failure of the policy was that the trustees lacked the nerve to pursue their strategy in the face of criticism from everywhere except, perhaps, Bond Street. The book value of £40m is under 1 per cent of the fund's total assets though presumably this is a significant undervaluation judging by yesterday's auction. It is tempting to find symbolism in the fact that one of the art treasures heaved out by the railmen yesterday for £66,000 was Goya's A Bull Attacked by Dogs.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday June 30 1987

Texaco wins SEC backing for $10bn damages review

BY JAMES BUCHAN IN NEW YORK

TEXACO, the US oil company, has won a small but important victory in its bid to overturn a $10bn damages judgment that has driven it into bankruptcy.

The company, which has operated under the protection of Chapter 11 of the bankruptcy code since April, announced yesterday that the US Securities & Exchange Commission (SEC), the federal regulatory body for the securities industry, was backing its effort to gain a hearing from the Texas Supreme Court.

In a filing earlier this month, Texaco requested that the state Supreme Court overturn the damage judgment awarded to Pennzoil, the Texas oil company which sued Texaco for illegally interfering with a binding agreement when it won a battle for Getty Oil in 1984.

The award, fixed at $10.5bn by a Houston jury in 1985, was reduced by an appeals court earlier this year but is now more than $10.3bn with accumulated interest.

In a letter published by Texaco yesterday, the SEC said it would file a brief urging the Texas Supreme Court "to accept the case for review" on an element of federal securities law which is the key to Texaco's appeal.

Texaco has argued that its purchase of Getty could not have damaged Pennzoil's because Pennzoil's own offer for the West Coast oil company was illegal.

SEC regulations prohibit a company that has made a public tender offer from doing private deals with the target company's stockholders. The purpose is to ensure that all public shareholders receive the same treatment.

Texaco has argued that Pennzoil broke the law by offering to purchase the 12 per cent of Getty Oil held by the J. Paul Getty Museum of Malibu, California while its tender offer was still outstanding.

Lonrho to make assets disposal with sale of British casinos

BY CLAY HARRIS IN LONDON

LONRHO, the international trading company, is to make a rare assets disposal by selling its eight British casinos to Brent Walker Group, the UK property developer and leisure company, for £128m ($205m).

The deal includes some of the most famous gaming houses in London, including Crockfords in Mayfair and the International Sporting Club in Park Lane.

The transaction gives Lonrho a large profit on the £65m book value of the casinos. Brent Walker will acquire freehold and long leasehold properties valued at up to £150m. The acquisition will increase Brent Walker's size by 60 per cent.

Mr Paul Spicer, Lonrho director, said yesterday: "It was too high an offer to turn down."

The casinos contributed pre-tax profits of £4.9m in the six months to March 31, more than in the entire previous year, but the reliance on high-rolling foreign gamblers made performance unpredictable.

Brent Walker, which was granted the first casino licence in the UK and owns three others, expected to be able to increase profits through staff incentives, according to Mr George Walker, chairman and chief executive.

His company will continue to operate the casinos. The International Casino Club in Brighton on the south coast of England, which prompted Mr Walker's initial approach, will move to the town's marina development and its present site will be used for the group's leisure activities.

The cash flow from the casinos, estimated by Mr Walker at £80m annually, will help fund its property and leisure developments. These include a marina on the east coast of England, a sports arena near London and a French holiday complex.

The sale proceeded even though a rival bid worth more than £150m was subsequently put before Mr 'Tiny' Rowland, Lonrho's chief executive.

Included in the sale are Charlie Chesters and the Golden Horseshoe in London and Metropole Casinos elsewhere in the UK.

Brent Walker will fund the sale through a £131.7m rights issue of convertible preference shares paying a net dividend of 8 per cent. Shareholders will be offered 12 convertible shares at £1 each for every five ordinary shares they hold.

Brent Walker shares added 28p yesterday to close at 381p. Lonrho shares also advanced, closing 13½p higher at 279p.

End of era as machine maker files Chapter 11

By William Hall in New York

ALLIS-CHALMERS, which in its heyday was one of the most prosperous US heavy machinery makers, yesterday filed for protection under Chapter 11 of the US bankruptcy code, underlining the fall of one of the most famous names in the mid-Western "rust belt" industries.

The 140-year-old-group, which at its peak employed 29,000 people in operations ranging from the manufacture of heavy constructions equipment to power generator and agricultural tractors, announced yesterday that Allies-Chalmers Corporation and its US affiliates had filed voluntary petitions for reorganisation in the US bankruptcy for the Southern District of New York.

Overseas operations, which employ two-thirds of its 9,000 workforce, are not affected.

Allis-Chalmers is a shadow of what it once was, and its decision to put its US businesses into the hands of the bankruptcy courts follow its inability to get speedy approval for a restructuring plan which included the sale of almost all of its remaining businesses.

Mr Wendell Bueche, Allis-Chalmers' chief executive, said yesterday that in recent years the group had been restructuring and reducing the size and scope of its businesses in order to meet the "competitive demands of the drastically changed world marketplace."

He said that the operating results of the group's remaining operations had improved considerably in the last two years and he expected the momentum to continue.

However, the company said that the funds generated by its US operations are currently inadequate to meet its US obligations.

It had a negative US cash flow of more than $24m in 1986 and another $2m outflow in the first quarter of the current year.

ARGENTINE SHIPPING LINE HEADED FOR A TRIM AFTER DECADES OF SUBSIDIES

Elma faces the surgeon's knife

BY TIM COONE IN BUENOS AIRES

IF ALL goes to plan, as it rarely does in Argentina, the state-owned shipping line Elma should be one of the country's first loss-making public companies to face the surgeon's knife with a view to bringing its balance sheet back into the black.

The surgeon is Mr Enrique Olivera, president of the new state holding company, whose Olympian task is to trim the fat off all the state sector companies, accustomed to decades of state subsidies and staffed by powerfully-unionised workforces.

In a diagnosis of Elma published last month, Mr Olivera said the company's fleet "is not the most appropriate for the services offered by the company, is oversized and is affected by the excessive purchase price of its ships."

He said that by the end of October a programme would be started to renovate the fleet, selling off older ships and contracting new ones on time charter and to "incorporate private capital to the company to improve its efficiency."

THE *man wielding the surgeon's knife at Elma* is Enrique Olivera, president of the new state holding company. His task is to trim the fat off the state sector companies – which have become accustomed to decades of state subsidies and are staffed by powerfully unionised workforces. His recent view was that Elma's fleet was not the most appropriate for the services.

As Argentine public sector companies go, Elma is by no means the worst in financial terms. Operating losses last year were only $17m, down from $27m in 1985, although below-the-line losses were $209m due to book-value losses on the sale of 12 ships.

The fleet presently consists of 39 owned ships with a further four leased on time-charter. Most are general cargo types although the company's first container ship was delivered by a local shipyard earlier this year and another is under construction.

Dr Ricardo Passman, a vice-president of the company, said: "There is still a high degree of obsolescence in the fleet, though, and it will have to be reduced further. As we lack funds for major new investments we shall begin leasing new ships on bare-hull charters, to operate them with Argentinian crews, and end the time-charters."

A series of strikes have hit the company in the past weeks, because of the restructuring plans. Mr Luis Fiorenzo, a seamen's union leader, said he had seen a company document which spoke of selling 27 of the company's ships "which will make most of the 3,000 seamen in the company redundant."

Dr Passman said: "It is only a working hypothesis. Nothing has been decided yet, apart from the four ships that are already on sale. We are not planning any lay-offs and any redundancies to be made will come through by simply not replacing staff that resign."

Elma has a workforce of 4,800 which, according to the recent company diagnosis carried out by Mr Olivera, needs shaving back by a third to place it on a par with private sector shipping companies in Argentina.

How private capital is to be incorporated is still not clear. For the first time, the company's accounts are to be published at the Buenos Aires Stock Exchange this year. "It is for information purposes and to test interest," said a senior company executive. There is no decision yet to sell shares in the company," said a senior company executive.

The reason for the caution boils down to a political one. Unions and political opponents of privatisation and rationalisation are already on the march, and a bad choice of private sector partners could be damaging for the Government.

Merger scheme studied by US regional banks

By Our Financial Staff

MARINE Corporation of Milwaukee has received a $412.5m merger proposal from Marshall & Ilsley, signalling another combination of two smaller US regional bank holding companies.

Marine said yesterday its board would consider the proposal but said no date had been set for the board to meet.

Under the Marshall & Ilsley proposal, which would be structured as a combination of equals, Marine shareholders would receive cash or, at Marine's option, Marshall & Ilsley common stock, or a combination of cash and stock, equal to at least $62.50 of Marine common share.

BfG operating profits plummet to DM 166m

BY HAIG SIMONIAN IN FRANKFURT

BANK FUER Gemeinwirtschaft (BfG), the bank formerly controlled by West Germany's trade unions, saw its partial operating profits in 1986 plummet to DM 166m ($89.7m) against DM 311m in the previous year.

BfG's profits would have been lower still had it not sold a number of share stakes as part of the deal hammered out between the BfG's *former trade union owners and* Aachener and Muenchener, the insurance group which took control of BfG at the start of this year.

Selling its 25 per cent share in the Volksfuersorge insurance group, the jewel in BfG's crown, probably raised about DM 700m, although the BfG would not confirm the figure.

Interest income dropped by 8.4 per cent to DM 898.6m, while commission earnings rose by 8.3 per cent to DM 203.7m. The bank's overall interest margin slipped to 1.9 per cent from 2.0 per cent in 1985.

However, profits from own-account trading had been "again satisfactory".

As a start, the bank is setting up BfG Service later this year to market a range of financial services, including insurance, mortgage and banking products, using its own employees working out of BfG's 25 largest branches.

Dutch group seeks protection from creditors

By Laura Raun in Amsterdam

BREDERO, the financially-troubled Dutch contracting and property group, was forced to seek court protection from its creditors yesterday.

The company said application to the courts had been the only way to save its healthy domestic construction subsidiaries. It planned to wind down the rest of the group.

Bredero was hit last week by a Fl 21m ($6.38m) claim by court appointed receivers for Breevast, a real estate subsidiary, 36.7 per cent owned by Bredero..

Yesterday's court protection applies only to Bredero's holding company and not to its operating subsidiaries.

INTL. COMPANIES & FINANCE

Andrew Fisher on the German chemical group's latest French buy

Henkel follows formula for growth

WITHOUT FUSS or flamboyance Henkel, the West German chemical group, has been buying companies, forming tie-ups, and taking strategic shareholdings all over the world in the past few years.

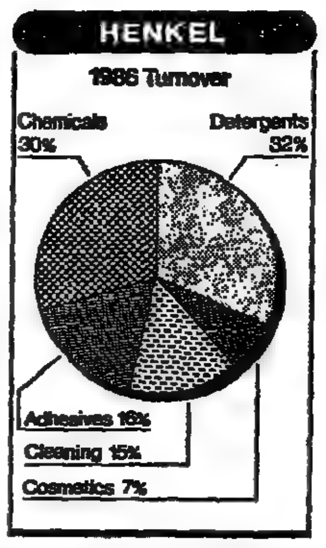
It has been a gradual process, but the latest move looks like the Duesseldorf company's biggest and costliest yet. Henkel plans to hand over some FFr 2bn ($327m) for Lesieur-Cotelle, the French washing products and detergents company, in a deal which awaits approval from the Finance Ministry in Paris.

France is already the biggest market overall outside Germany for Henkel, with activities from washing powders and heavy cleaning agents to cosmetics and adhesives. Out of turnover of nearly DM 9bn (two-thirds abroad) last year, the French activities accounted for some DM 970m. Total net profits rose by 28 per cent to DM 226m.

Henkel is best known for Persil washing powder, launched 80 years ago. Ironically, France is one of the countries where Henkel does not have the Persil rights. These are owned by Unilever, the Anglo-Dutch group.

Still, that has not stopped Henkel from forging ahead. In 1971, it bought Lesieur's washing powder plant in Rheims, and last year took over Union Generale de Savonnerie (UGS), a soap and detergent company. In January, it bought Solitaire, a maker of household cleaning products. These last two purchases have a combined turnover of some DM 200m.

Henkel is third in the French detergent market behind Unilever and Procter & Gamble of the US. Unilever, with Colgate-Palmolive, was also interested in Lesieur-Cotelle, whose new parent, St Louis Bouchon, intends to concentrate on the food industry.



Completion of the deal will still leave Henkel behind its two big rivals, which both have more than 30 per cent of the French market. Henkel currently has at least 10 per cent. The Lesieur deal will add FFr 1.3bn (nearly DM 400m) of sales to Henkel's French business, of which DM 368m, is in washing and cleaning products.

Thus the purchase will double the French sales of Henkel in this division. For the extra market strength, Henkel is paying almost as much for Lesieur-Cotelle, which makes up 15 per cent of total Lesieur business, as St Louis Bouchon paid for the whole group last year.

Clearly, Henkel thinks the greater market penetration is worth the extra cost. The fact that other companies were interested must also have pushed up the price. Financing should be no problem. The group has a strong balance sheet and cash-flow was DM 720m in 1986.

"It would cost a lot for Henkel to move deeper into the French market on its own," said Mr Werner Wanke, head of research at Metzler, the Frankfurt-based private bank. "And it could take years."

"Strategically, it looks very good," he added. "But at first sight, the price does seem expensive." Henkel will be paying nearly 40 times Lesieur-Cotelle's 1986 profits of FFr 53m and one and a half times its turnover. Among its products are liquid detergents — now becoming more popular in Europe — household cleaners, and soap.

While eager to take on the big detergent groups in Europe, Henkel has shied away from competing with them worldwide, mainly because it would cost too much. "We have decided we can't fight the established US and British companies outside Europe with any chance of success," said Mr Helmut Sihler, the chairman, earlier this year. Because they are much bigger, "it would be putting our efforts in the wrong direction," he said.

Thus the group, owned by the Henkel family with preference shares quoted on the bourse, has moved via partnerships and strategic share stakes instead. It owns 25 per cent of Clorox, the US household cleaner and food company, and recently signed a marketing deal with Lion of Japan on hair and dental products.

Other holdings include 25 per cent in Loctite, the US adhesives company, and a minority stake in Degussa, the West German precious metals and chemicals group, from which it bought a food additives company last year. It has also added specialised chemicals companies in the US.

So the proposed French purchase, while larger than recent buys, is part of a strategy which Henkel has followed for some time. Under Mr Sihler, an Austrian who is not a Henkel family member, it has shed loss-making or sideline businesses in Brazil, South Africa, and the US, while further developing its main businesses.

It has sold operations with sales of some DM 400m, while adding DM 1bn through its other deals. In 1986, detergents and household cleaners accounted for 32 per cent of turnover, specialised chemical products for 30 per cent, adhesives and technical products for 16 per cent, industrial cleaners for 15 per cent, and cosmetics for 7 per cent.

Henkel's next move may well be in the latter area, where it feels under strength. Mr Sihler would like to see cosmetics accounting for up to 15 per cent of sales. "In that area, our acquisition programme is not over yet," he said.

Swedish group sells financial services unit

By Sara Webb in Stockholm

BEIJER, THE Swedish financial, trading and industrial group controlled by Mr Anders Wall, the financier, yesterday revealed plans to reorganise its financial services operations with a deal worth between SKr 250m and SKr 300m ($39m to $47m) in an attempt to prevent a drop in the group's capital ratios.

Beijer has agreed to sell Beijer Capital (the holding company which controls Beijer's financial operations) for between SKr 250m and SKr 300m to Birka Business Development, a listed investment company in which Beijer has a 35 per cent voting and share capital stake.

Beijer Capital looks after share and options trading, financing, portfolio management, and money and capital market business. After the deal, Birka plans to change its name to Beijer Capital. Mr Wall said Beijer would probably reduce its stake in the company to less than 50 per cent to avoid having to consolidate it.

The reshuffle follows the expansion of Beijer's financial services operations. Mr Wall said a sharp rise in total assets would lead to a fall in Beijer's capital to assets ratio, and that the best way to overcome this problem would be to place the financial services operations in a separate listed company.

"Beijer's solidity is below that expected for international companies," said Mr Wall. Beijer's remaining financial operations will be closely linked to the trading and industrial manufacturing side, he said.

Svenska Handelsbanken said the deal is intended to allay the fears of international investors. Beijer's solidity is between 30 and 35 per cent at present, he said, but with the growth of the financial operations, it could have dropped to as low as 15 to 20 per cent.

Birka is paying cash for Beijer Capital but will make a share issue in August or September, according to Mr Wall.

Beijer is merging with Argentus, another Anders Wall investment company, and is being reorganised as an industrial, manufacturing and trading distribution company in order to qualify as an operating company — instead of as a pure investment company—since this has tax advantages.

Degussa plans DM275m issue

BY HAIG SIMONIAN IN FRANKFURT

DEGUSSA, THE West German precious metals and chemicals group, has announced a DM 275m ($151m) rights issue to take place before the end of its current business year on September 30.

The one-for-five share deal, which is being arranged by Dresdner Bank, will increase Degussa's nominal capital by DM 61m.

The new shares, which have a nominal value of DM 50, will be offered to existing shareholders at DM 225.

Degussa shares closed on the Frankfurt Stock Exchange at DM 498 yesterday.

Separately, Degussa is increasing its nominal capital by DM 20m in a transaction linked to its planned takeover of Laboratoires Sarget, a French medical group based in Merignac near Bordeaux.

Laboratoires Sarget sells extensively in France, Belgium, the Netherlands, Spain, Portugal and Italy. Degussa said that Sarget's turnover for 1986 had totalled FFr 730m ($120m).

Degussa refused to reveal how much it would pay for Sarget.

Together, the two latest capital increases will raise its nominal capital to DM 365m.

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All of these securities having been sold, this advertisement appears as a matter of record only.

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E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated
Lazard Frères & Co.
Morgan Stanley & Co. Incorporated
PaineWebber Incorporated
L. F. Rothschild & Co. Incorporated
Shearson Lehman Brothers Inc.
Smith Barney, Harris Upham & Co. Incorporated
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The Robinson-Humphrey Company, Inc.
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Stifel, Nicolaus & Company Incorporated
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Tucker, Anthony & R. L. Day, Inc.
Underwood, Neuhaus & Co. Incorporated
Wheat, First Securities, Inc.
Wood Gundy Corp.

June, 1987

Yoko Shibata on how bank opposition has blunted the MoFs reforms

Tokyo tests its credit rating system

A FULLY-FLEDGED credit rating system for Japanese companies, to be applied to their issues of bonds and debentures, is to come into effect from tomorrow. The move follows the relaxation of eligibility requirements for unsecured bonds.

Three home-grown credit rating institutions, Japan Credit Rating Agency, Nippon Investors Credit Service, and Japan Bond Research Institute, have set up shop and have been working to gain acceptance from prospective issuers and securities houses for the fees they will charge for their rating service.

The credit rating agencies started issuing preliminary credit ratings in February last year under guidance from the Ministry of Finance, with the aim of completing preliminary ratings for 30 companies by the end of this month. Japan Credit Rating Agency has already achieved this target, while the other two agencies will meet it by the end of this month.

From today, the three Japanese rating agencies and three foreign institutions—Standard & Poor's, Moody's and Fitch Investors' Service—will start a full rating service. A preliminary credit rating will cost a company around Y2m, while a full rating will cost between Y3m and Y5m, depending on the volume of bonds issued.

Under the eligibility rules up to now, Japanese corporate issuers of unsecured bonds have had to meet six requirements covering such measures as net assets, net worth ratio and the ratio of operating profits to total capital.

However, these rules have tended to favour companies with a high level of assets. Changes in Japan's industrial structure have greatly increased the numbers of prominent companies engaged in service businesses, such as retailers or trading houses, the assets of which provide little collateral in the traditional sense for bond issues.

From today, companies with high credit ratings will be able to issue unsecured bonds, even when they do not meet the eligibility rules.

Companies that achieve a rating of AA or higher, and those rated A which have net assets of at least Y55bn ($375m), will be able to issue unsecured straight bonds. Companies rated A or higher, and those rated BBB with net assets of at least Y55bn, will be able to issue unsecured convertible bonds.

Strong resistance

As a result, the number of companies qualified to issue unsecured straight bonds is expected to increase to around 100 from 70 at present, while the number allowed to float unsecured convertible bonds will increase from 180 at present to 330.

The three domestic credit rating agencies were established only two years ago. However, strong resistance from the commissioned banks, which have enjoyed a healthy source of income under the traditional system, has thwarted the MoF's plans for the rating agencies to take on the role of judging the qualifications of would-be bond issuers.

In Japan, that function remains in the hands of the commissioned banks, which decide whether a borrower qualifies for making an uncollateralised bond issue on the basis of its balance sheet ratios.

The MoF wants to phase out the role of the commissioned banks, and is pinning its hopes on better disclosure, brought about by building up the role of the rating agencies. The final report issued last December by the Securities Exchange Council, an advisory panel to the MoF, went so far as to say that the legal requirement which obliges a borrower to have a commissioned bank before it can float an unsecured issue is "not appropriate."

In the current transitional stage, where the credit rating system and the old eligibility system are both in operation, the immediate task for the rating agencies is to build up a high degree of confidence among domestic Japanese companies.

In order to encourage the development of the rating system, the securities houses are considering introducing a disciplinary clause whereby a corporate issuer without a credit rating will have to pay a higher coupon rate on its issue.

The six credit agencies in Japan are pinning their hopes on the adoption of credit ratings for commercial paper issues.

The MoF has postponed the use of the credit rating system for the commercial paper market, which is due to be launched this autumn. However, it has also said that the introduction of the credit rating system will be reconsidered after the CP market has been in existence for a year.

Eligibility criteria

The MoF has drawn up eligibility criteria for the proposed CP market from the financial standards set for unsecured straight bonds. It has done so in order to soothe the Japanese banks, which opposed the introduction of CP on the grounds that it will represent a significant move of corporate financing away from bank loans.

However, some banks argue that since eligible issuers of CP will include those unsecured domestic bond issuers selected by the credit rating system, the proposed CP market will in fact be using an indirect rating system.

Mr Keijiro Koyama, managing director of the Economic Federation (Keidanren), commented recently that "If there is a fully functioning rating system for CP, the credit rating agencies will have work enough."

In fact, CP credit ratings are a business much coveted by the rating agencies. If credit rating fees were calculated on the volume of domestic convertible bonds issued in fiscal 1986 (a historically high year), the rating fees reaped by the credit rating industry could reach Y500m-Y800m.

Foreigners allowed in next NTT sale

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance has decided to allow foreign securities houses to join the syndicate underwriting next year's sale of Nippon Telegraph and Telephone (NTT) shares owned by the government.

Officials admit that the decision reflects the Ministry's concern to forestall fresh friction with foreign countries, given the discontent expressed by some foreign securities houses over their original exclusion from the NTT share underwriting syndicate in the current fiscal year.

Regulatory responsibility for the NTT shares lies not with the MoF but with the Ministry of Post and Telecommunications. Moreover, the NTT Law prohibits foreigners from owning NTT shares. However, the Finance Ministry has officially interpreted the NTT share underwriting by foreign brokerage houses as a temporary—and hence not illegal — shareholding.

For fiscal 1987, beginning last April, the MoF has already selected 20 Japanese brokerage houses including the big four (Nomura, Daiwa, Nikko and Yamaichi) as members of the main underwriting syndicate for the second tranche of NTT share sales, which is expected in October. The MoF has selected the 20 houses on the basis of how they acquitted themselves during the first NTT share sale, which took place in fiscal 1986.

The Ministry intends to invite 94 more securities houses, including 35 foreign brokers, to form a sub-syndicate to sell NTT shares this October. The underwriting share of each house is to be determined in principle on the basis of its performance in the previous NTT share sale.

However, the underwriting share of the foreign brokerage houses would, on this basis, be virtually zero, and they would have to be excluded from the sub-syndicates.

In view of the foreign brokerage houses' anger at their exclusion from the sub-syndicate, the MoF is planning to allot them a special quota. The Ministry has ordered the Japanese brokerage syndicate to work out a formula to allow the foreign brokerage houses a share in the underwriting of the NTT issue.

The Ministry intends to allow about five foreign securities houses to join the main underwriting syndicate during the next fiscal year, provided that they sell a sizeable volume of NTT shares in the current fiscal year.

Peseta-denominated issue from Eurofima well met

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

AFTER THE Samurai and the Bulldog, the Matador. This was the name being tossed around Madrid yesterday for a new sector of the international bond market after Eurofima, the railway financing concern, became the first non-resident issuer to launch peseta-denominated bonds.

Its Pta 10bn issue, launched on the domestic market by Morgan Guaranty's Spanish subsidiary, represented a new step in the opening of Spanish markets to foreign participation.

The bond also broke new ground because its 10-year maturity was longer than that of any other outstanding issue in Spain. The longest government bond is for seven years.

The Spanish stock market has seen an influx of foreign investment over the past year and a half. Foreign borrowers have also been looking increasingly at the peseta market. Earlier this year, Peugeot arranged a multi-option facility enabling it to tap various instruments in pesetas.

The issue has a 12¼ per cent coupon and is priced at 99.9 per cent. It is callable after six years at 101¼. Morgan Guaranty was gathering a syndicate of Spanish banks, though these could include local subsidiaries of foreign banks. It said early indications of the response was good.

The Eurodollar bond market weakened after New York's fall

INTERNATIONAL BONDS

on Friday, and saw only one new equity-linked deal. Sterling bond markets also fell.

Portugal made its first issue in French francs, a FFr700m floating rate deal led by Credit Commercial de France. It has an eight-year life and a price of 100.05. The interest margin is set according to a new well-used formula which attempts to allow for divergence between Euro and domestic deposit rates.

The coupon is 20 basis points above London interbank offered rates. But if Libor rises 25 basis points above its Paris equivalent, Pibor, the coupon switches to 30 basis points above Pibor. The issue was quoted at a discount within its total fees.

Land Securities, the UK property company, made its first convertible issue, a 15-year Eurobond which was increased from £75m to £84m. Lead manager J. Henry Schroder Wagg fixed the coupon at 6¾, the lower end of the indicated range, and the conversion price at 672p, giving a premium of 16.9 per cent, in the mid-point of the indicated range.

Demand for the issue came mainly from UK institutions, at which it was essentially targeted. It was not helped by the weak gilt market, but was supported by the current strength of UK property shares. The issue was bid at par.

Sanraku, a Japanese drinks marketing company, made a $100m five-year issue with equity warrants guaranteed by Dai-Ichi Kangyo Bank and led by Nomura International. The coupon was indicated at 2½ per cent. The $100m issue for Finland's Nokia was given an exercise price of FM 169.4.

In West Germany, European Investment Bank made a DM 300m issue with an eight-year maturity, priced at 99½ with a 6⅛ per cent coupon. Westdeutsche Landesbank led the issue which traded well within its fees. The market was quiet, with foreign issues slightly easier.

In a quiet, unchanged Swiss market, Norway's Norges Kommunalbank made a SFr 60m private placement led by Banque Gutzwiller Kurz Bungener.

Salomon to expand in Europe

BY TERRY BYLAND

SALOMON BROS, the US investment banker and securities trader, announcing plans for rapid expansion of its European Equity Research Department, said in London yesterday that it has identified 280 companies in Europe with a high level of fund management interest.

Of this total, 43 per cent are UK companies, 22 per cent West German and 9 per cent either French or Italian. Salomon's intention is to integrate its European equity research with its US and Japanese corporate research, by applying the expertise of the firm's industry analysts across the globe.

The US firm expects to have 15 equity analysts in place in London by the year-end. While its European Equity Research department remains concentrated in the UK, Mr Edward Dunleavy, director of the department, commented that the firm remains flexible on this point. Salomon has 10 analysts in London at present.

Westland signs £40m facility

By Stephen Fidler

WESTLAND, the UK helicopters concern embroiled 18 months ago in a Government dispute over its ownership, has signed a £40m bond and guarantee facility with a group of seven international banks and Britain's Export Credits Guarantee Department.

The facility has been arranged to provide guarantees for Westland's performance and will be available to support future sales, particularly of helicopters. The five-year unsecured facility is extendible annually.

The banks are National Westminster, which is arranging the facility and acting as agent, Banca Nazionale del Lavoro, Barclays, Grindlays, Long-Term Credit Bank of Japan, Scandinavian Bank, and Societe Generale.

Aker Norcem ahead of budget

BY KAREN FOSSLI IN OSLO

AKER NORCEM, Norway's largest privately-owned industrial group, has posted a loss of NKr 22m ($3.44m) for the first four months of 1987, which is says was "slightly better" than what was originally budgeted for. The loss was NKr 1.3m worse in the same period of 1986.

For all of 1987, the group forecasts that results will be on a par with the 1986 total of NKr 400m after financial items. The group's offshore oil and gas service contracting subsidiaries, which experienced difficulties in the previously weak energy market, are now showing signs of recovery.

Aker, the construction and engineering company merged with Norcem, the cement and building materials company at end-1986. Although earnings for the building materials and cement subsidiary were "very high" in 1986, earnings in the first four-months of 1987 have thus far been low due to seasonal lulls. Year-end results are expected to match last year's, however.

As a part of its internationalisation strategy, the cement subsidiary acquired Swedish Leca, the light expanded clay aggregates company, and has plans to purchase two other companies. Some NKr 300m will be spent to increase efficiency and competitiveness at its Dalen factories.

In the offshore oil and gas divisions, Norcem Drilling has increased its sales and income so far in 1987. A new well service and maintenance company has also been formed. Norcem Comex, a diving contractor, is also expected to show a profit in 1987.

Aker Offshore, also an offshore oil and gas service company, experienced lower income during the four-month period and the overall year-end performance is not expected to match last year's favourable results. Aker Engineering, however, has increased its market share and earnings have been more favourable.

Three new companies have been formed under the Aker Offshore umbrella. Aker Stord, the offshore construction yard has acquired the majority shareholding in Stord Bartz. Aker Engineering has agreed to purchase 52 per cent in BMV Engineering and Aker Contracting has formed a new subsidiary in Bergen.

In civil engineering and contracting, Astrup Hoeyer is expected to see a continued high level of activity. Year-end results are expected to be positive, although restructuring of ownership in Norwegian Contractors, the offshore oil and gas platform construction company, is now underway.

Two-tranche loan for Autostrade

By Our Euromarkets Editor

AUTOSTRADE, Italy's state motorway agency, has awarded a keenly-awaited mandate for a two-tranche loan comprising DM 150m and Ecu 150m on terms which appear slightly less aggressive than the Eurocredit market had expected.

Bankers Trust International and Mitsubishi Bank have been asked to arrange the deal. Though terms have not yet been finalised, Mitsubishi said the loan would have an average return, inclusive of fees, of nearly 12 basis points above London interbank offered rates.

On this basis, bankers who had been expecting a margin below 10 basis points said that the passage of the loan could be smoother than they had forecast. But they were puzzled because bidding for the mandate was thought to have reached margins below what has now emerged.

Mitsubishi said the interest margins on the loan would range from about 7.5 to about 12.5 basis points over Libor but could not say exactly to what years these would apply in either tranche.

The D-mark tranche is to be for 10 years and the Ecu portion for 12 years. There is a commitment fee of 6.25 basis points for the period from 60 days to one year. Front-end fees are 10 basis points for banks which commit 10m of each currency, 7.5 basis points for 6m to 9m, and 6.5 basis points for 2m to 5.9m.

The precise terms are due to be revealed today, and the deal will go into syndication tomorrow.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 29

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅜ 96	100	†102½	104	−0¼	−0¼	5.17
Amer. Corpn. 5¾ 01	200	†95	93½	0	−0½	5.95
Baker Int. 4⅞ 96	200	†97½	98½	−0½	−0½	5.09
Carlsberg 5 96	80	†101¼	102¼	0	+0½	4.72
Chujitsuya 5¼ 94	90	†102½	103½	+0¼	−0¼	4.86
Deutsche Bk. Fin. 5⅛ 95½	100	†105¼	105¾	−0¼	−0½	4.49
EIB 4⅝ 97	200	†98¾	99	0	+0½	4.77
Glendale F. S. & L. 5⅞ 95	100	†101½	102	+0¼	+0¼	5.21
Humana 5⅛ 98	120	†99	99½	+0½	0	5.21
Industrial Credit 5¼ 96	75	†99½	99¾	−0¼	−0½	5.09
Japan Dev. Bk. 5⅛ 97	100	†101½	102¼	+0¼	0	4.88
Oberos. Kftwk. 5⅞ 95	100	†103	103½	0	0	4.85
Olivetti Intl. 5⅛ 95	200	†104	104½	+0¼	+0¼	4.85
Pepsico 5¼ 95	130	†104½	105¼	+0¼	−0¼	4.48
Prov. of Manitoba 4¾ 94	200	†102	102½	0	−0¼	4.38
Ralston Purina 5⅞ 94	125	†103	103½	+0¼	−0¼	4.58
Settsu Euro. 0 01	100	†47½	47¾	+0¼	+0½	5.57
Tohoku Elec. Pwr. 4⅞ 96	150	†99¾	100	+0½	0	4.89
USX Corpn. 5¼ 98	100	†96¾	97¼	−0¼	−0¾	6.15
World Bank 5¼ 94	150	†105½	106	0	+0¼	4.41

Average price change on day 0 on week −0⅛

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

INTERNATIONAL COMPANIES and FINANCE

Yoko Shibata on the problems facing an over-regulated industry

Shake-out for Japan's oil refiners

A SHAKE-OUT is about to get under way in Japan's oil refining industry following the government's recent decision to withdraw its so-called "administrative guidance" in the sector.

The industry has been highly protected and regulated up to now, with the result that there is too much refining capacity and far too many petrol stations in the country.

Industry executives are under no illusions about what will happen when the Ministry of International Trade and Industry (MITI) gives free rein to market forces next year.

"Deregulation will drive oil refiners into a bloodletting fight, competing viciously for their survival," said Mr Yasuoki Takeuchi, president of Nippon Oil, Japan's largest oil products distributor and president of the Japan Petroleum Industry Association (JPIA).

The blood could start flowing fairly soon. Japan's oil distributors are in surprisingly poor shape for a fight.

In spite of the unprecedented favourable business climate they have enjoyed in the past year — low crude prices, low interest rates, foreign currency gains — all the big refiners, such as Nippon Oil, Kyodo Oil and Idemitsu Oil, reported setbacks in sales and profits in the year to March 1987.

The ten top refiners' gross margins averaged only 0.92 per cent, about half the average for companies listed on the Tokyo Stock Exchange in the year to March 1987.

MITI's heavy handed regulation is the cause. As in other sectors, it has applied the notorious "convoy system" of administrative guidance to the industry with a view to allowing the weakest companies to survive. For example, petrol production quotas are allocated among the 11 biggest oil refiners and operated by seven consortia of distributors. The idea was that this would enhance the nation's security, in the event of supply shortages.

However, the system has led merely to excessive competition at the retail level, with each distributor trying desperately to maximise its market share. That, in turn, has weakened the industry financially.

According to the JPIA, the benefit from the fall of crude oil prices last year amounted to Y4,500bn ($30bn), yet the refiners' income from product sales was cut by Y5,000bn. The result was that 48.3 per cent of the nation's 59,000 petrol stations finished the year in loss.

MITI developed a "scrap and build" policy on petrol stations, on the principle that nobody should open a new outlet without shutting down an old one. But the oil companies ignored it.

MITI's increasing concern about the state of the oil industry led it to commission the Petroleum Council, its advisory body, to make recommendations for structural change. The council's report was published in mid-June, an event which, in Japanese administrative practice, means that MITI has accepted its recommendations.

The report urged the government to abolish the guidelines for petrol production, ease the approval system on construction of refining facilities and liberalise the construction of petrol stations over a period of five years.

It acknowledged that the removal of the guidance would probably cause a temporary increase in the number of outlets, but eventually loss-making petrol stations would be closed, and the industry streamlined. It was desirable that leading companies be strengthened during the period of divestment, the council said. It also predicted that marginal refineries would close, and Japan's petrol refining capacity would drop by 15 to 20 per cent from the current 4.9m barrels a day.

MITI now says it will move faster than the report suggests, and will remove its restrictions on the number and location of petrol stations by March of next year.

The big oil refiners, such as Nippon Oil, General Oil, Cosmo Oil and Showa Shell Oil, had already mapped out their streamlining plans, centring on cut backs in their workforces and the closure of unprofitable refineries. Nonetheless, they were startled by MITI's aggressive attitude.

Mr Takeuchi said, "If MITI provokes a quarrel in the oil industry, the industry will have to take up that quarrel."

JAPANESE OIL REFINERS
Results for Year to March 1987

	Sales Ybn	Change %	Pre-tax profits Ybn	Change %	Net profits Ybn	Change %
Nippon Oil	1,726.3	−39.4	19.7	−12.1	10.0	−0.8
Idemitsu Kosan	1,529.2	−40.7	7.3	−41.2	0.83	+112.7
Cosmo Oil	1,384.3	−35.5	15.4	—	5.9	—
Kyodo Oil	1,355.4	−35.4	2.7	−46.3	2.1	+21.9
Mitsubishi Oil	656.8	−37.9	12.4	+551.3	5.7	−66.6
General Sekiyu	438.7	−40.5	4.5	−16.8	2.3	−77.2
Kygnus-Sekiyu	273.4	−23.8	4.8	+442.6	1.6	+16.5
Kyushu Oil	261.6	−40.9	3.8	+88.1	1.1	−18.9
Koa Oil	188.4	−55	0.3	−58	1.8	+58
Fuji Kosan	129.4	−36	0.1	—	0.2	−63

BHP suffers 17% earnings setback

BY CHRIS SHERWELL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, yesterday reported a worse-than-expected 17 per cent fall in annual profits on a 7.2 per cent rise in sales, but indicated it was looking for an improvement in the current year.

The earnings drop, shown in figures for the 12 months to May, was the steel, minerals and petroleum group's first in four years. It reflected weak oil and mineral prices, the impact of industrial troubles in the steel division and a higher corporate tax rate.

Group net profit before minority interests and extraordinary items was A$840.2m (US$604m) down from the previous year's A$1.009bn but still the second highest result on record. Revenue climbed from A$8.74bn to A$9.37bn.

Mr Brian Loton, chief executive, said the result was "less than we'd planned and hoped for," while directors expressed open disappointment at the outcome. Though all hope for an improvement in the current year, no profit forecast was offered.

Some comfort was taken from the fact that net profit in the final quarter of 1986-87, at A$221.9m, was 23 per cent above the corresponding period last year, principally due to higher petroleum production and firmer oil prices.

A segmental breakdown of the results shows that BHP's profits are now largest from the minerals division, although, at A$329m, they were marginally down.

The petroleum profit was down 43 per cent at A$289m, mainly due to lower average crude oil and LPG prices and lower sales volumes. But second-half earnings were substantially better than those of the first half.

The principal disappointment came in steel, where industrial disputes knocked some A$50m off pre-tax profits and contributed to a 21 per cent fall in net earnings to A$200m.

Hitachi Zosen group net result shows Y6bn surplus

BY YOKO SHIBATA IN TOKYO

HITACHI ZOSEN, Japan's third largest shipbuilding group, has reported consolidated net profits of Y6.095bn ($41.67m), for the year to March 1987 compared with the previous year's net loss of Y67.15bn, on turnover of Y384.07bn, down 2.3 per cent. The results cover four subsidiaries.

The group suffered a pre-tax loss of Y25.58bn for the year with the parent company alone registering a deficit of Y64bn. The losses were trimmed by adding a profit of about Y40bn mainly stemming from securities sales. Hitachi Zosen's pre-tax loss in the previous year was Y28.87bn.

In addition to a slump in shipbuilding, the yen's appreciation, the falling workload, and the heavy burden of retirement payments for 5,000-6,000 workers following the closure and sale of five plants affected results.

When the parent company reported its pre-tax loss of Y64bn, the largest loss registered among Japan's 1,666 listed companies, Sanwa Bank its main bank, and Hitachi Ltd, (its sister company with no capital affiliation) decided each to dispatch three directors to the shipbuilder to help the company out of its current difficulties.

First-half rise for Shiseido

By Our Tokyo Staff

SHISEIDO, Japan's largest manufacturer of cosmetics, with a market share of 40 per cent, lifted pre-tax profits by 3.7 per cent to Y17.16bn ($117.4m) in the half year to end-May 1987.

The company ascribed the steady earnings growth to an improved financial balance which led to a 7.1 per cent increase in non-operating profits. Half-year sales were 2.4 per cent higher at Y168.19bn.

Sales of cosmetics increased by only 0.3 per cent to Y138bn, to account for 80 per cent of the total. Toiletries advanced by 12 per cent and sundries and processed foods by 16 per cent.

For the full year to November 1987, the company projects sales of Y353bn, up 3 per cent and pre-tax profits of Y33.6bn. Both sales and pre-tax profits will rise for the 13th consecutive year.

Keen competition knocks Gulf Air into the red

BY OUR FINANCIAL STAFF

GULF AIR sustained a $5.5m loss for 1986 as a result of keen competition and economic recession. The airline is jointly-owned by Bahrain, Qatar, Oman and Abu Dhabi.

The loss followed a fall in earnings to $36.2m from $50.8m in 1985, Bahrain's Minister of Development and Industry, Mr Youssef Al-Shirawi said all economic forces "have been against us but we are not at the bottom."

He blamed the airline's problems on the downward trend of the gulf economy and severe competition among airlines flying in the region.

The four Gulf states that own Gulf Air, along with Saudi Arabia and Kuwait, are grouped in a regional economic and security alliance known as the Gulf Co-operation Council.

Competition from Emirates Air, a rival airline formed in 1985 by Dubai, has been especially tough for Gulf Air, airline officials concede.

Set up in 1974, Gulf Air made high profits in the oil-boom years. But the region has been suffering from the glut on the world oil market, as well as the repercussions of the Iraq-Iran war.

Competition and a slump in the air industry put strains on the airline, which has had to resort to a substantial cut in the number of employees in order to rationalise expenditure.

Gulf Air has a fleet of 20 aircraft flying to major cities in the Middle East, the Far East and Europe.

Dainippon Ink profits up 54%

By Our Tokyo Staff

DAINIPPON INK, Japan's major independent producer of printing ink, reports consolidated net profits of Y6.47bn ($44.2m) for the year to March 1987, up 54.2 per cent from the previous year.

Consolidated net earnings per share came out at Y10.68, compared with Y7.00 in the previous year. They are 1.18 times higher than parent company earnings per share.

The parent company has turned in a favourable performance. In addition Polychrome, the US ink and printing plate make acquired after a bitter bid battle in 1979, has managed to claw its way back to profit.

● Fuji Photo Film expects group net profit to reach Y64bn in the year ending October 1987, up 2.9 per cent. It said earnings per share are estimated at Y172.13 against Y168.10 in 1985-86.

Trading suspended in Evergo

BY OUR FINANCIAL STAFF

TRADING IN the shares of the Evergo group of companies was suspended by the Hong Kong stock exchange yesterday because the group is holding talks which may have a material impact on share prices. The group comprises Evergo Industrial Enterprise, Chinese Estates and China Entertainment and Land Investment Co.

Local brokers said Evergo is discussing the sale of China Entertainment to the Kadoorie family, which controls Hongkong and Shanghai Hotels.

Dowty hits £56m despite jump in redundancy costs

BY DAVID WALLER

Dowty Group weathered sharply increased redundancy costs to reveal an £8.1m increase in pre-tax profits for the year *to March 31.*

The diversified engineering conglomerate achieved profits of £55.71m, an increase of 17 per cent against the previous year. The figures were slightly ahead of brokers' forecasts of £54m-£55m, and the shares rose 10p to close at 284p.

Growth in operating profits was restrained by the £3.25m cost of making 400 employees redundant, mainly in the *mining and aerospace divisions.* Only £600,000 was charged in the previous year.

Operating profits were £58.28m (£48.89m) on turnover up by just over a tenth to £573.49m (£518.82m). The interest charge rose from £1.7m *to £2.76m. After a tax charge of* £21.02m (£17.67m), earnings per share were 16.6p (14.4p).

The mining and aerospace divisions both experienced *strong growth.* Aerospace profits rose by 33 per cent to £25.64m from £19.29m on turnover of £177.1m (£154.13m). Profits from mining rose by 50 per cent to £11.87m (£7.9m). benefiting from major one-off contracts to Canada, Bulgaria *and New Zealand.*

Mr Reg Moore, finance director, conceded that a similar level of growth in the mining division could not be expected *during the current year,* due to the chronic overcapacity of the coal industry worldwide.

Although the order book in the electronic systems division rose by 42 per cent, turnover during 1986-87 increased only marginally to £119.24m *(£115.57m). Profits declined by* £1.14m to £9.29m, reflecting the costs of tendering for new business and unrecoverable engineering costs.

The recently established information technology division showed a profits advance of 40 per *cent to* £5.32m (£3.79m) on turnover of £49.34m (£44.39m). "Difficult conditions" in UK markets helped depress profits in the industrial division to £5.94m (£7.28m).

The company reappraised its method of accounting for deferred tax liabilities, resulting in an extraordinary credit of £20.2m. This was offset by a charge of £6m to cover the costs of rationalising the company's precision casting and small transformer business.

The directors recommended a final dividend of 3.6p, giving a total of 6.2p for the year (5.5p).

See Lex

Courtaulds in £62m US film purchase

By Martin Dickson

Courtaulds, the textiles and chemicals *group,* is buying Martin Processing Inc, a US manufacturer of performance (very high-quality) films, for $99m (£61.8m).

MPI specialises in enhancing polyester film for vehicle and building windows, in *order to control heat* and glare. Courtaulds said this was a rapidly growing business in which MPI was the U.S. market leader. The company also specialises in a number of advanced technology industrial applications, of which metallised film for reprographic equipment is currently the most *important.*

Courtaulds already has substantial interests in films, as part of its packaging interests, including an R & D *facility.* The MPI deal will thus take it into new films product areas and will provide *an additional outlet* for its research.

MPI's film sales have grown at around 18 per cent a year in real terms over the past five years and 1987-88 turnover is expected to be around $50m.

Mr Richard Lapthorne, *Courtaulds'* finance director, said: "With a prospective p/e of around 26, we have bought at a price which will avoid dilution. The whole of the purchase price. which will be in cash, will be easily met *from existing resources."* MPI's net income in the period to March 1988 is expected to cover the financing costs *of the purchase.*

Courtaulds is buying a 51 per cent stake in the business from the family of the company's founder at $20 a share, and is making a tender offer and merger for the remainder at the same price.

Courtaulds reorganised its top *management last September* and formed a task force to develop the group, with *particular emphasis on its* chemical and industrial products operations.

In 1986 MPI had net income of $2.3m on sales of $46.6m but it sold its machinery business last November and its carpet yarn business in April; to concentrate on its performance films business.

Blue Arrow jumps to £5.1m

Blue Arrow, the UK's largest *employment agency group,* yesterday announced pre-tax profits up from £2.26m to £5.11m *for the six months to* April 30 1987 against market expectations of around £4.5m.

The interim dividend is raised from 0.6p to 1p per share. *Directors propose to sub-divide* the 25p units into 5 ordinary of 5p each. It is also proposed to obtain an ADR *facility* in the US.

A pre-tax profit breakdown showed staff recruitment and temporary help services went up from £2.24m to £4.33m; there was a first time contribution of £370,000 from executive search and selection; an increase from £6,000 to £320,000 at building maintenance and profits up from £13,000 to £95,000 at business travel amid financial *services.*

The directors said that the highly encouraging current trading performances throughout the operating divisions would *enable the group to* achieve record profits for the second half, which traditionally saw a much greater proportion of profits generated in the UK and US.

Turnover in the period rose from £37.43m to £90.79m and *operating* profit was £5.12m; interest amounted to £11,000 and tax took £1.79m leaving an attributable profit of £3.32m *for earnings of 8.5p per share.*

● comment

Blue Arrow is already tantalising the market with the prospect of further strategic (circa *£50m-£100m)* acquisitions late this year, an ADR facility from July 22 and, next February, a quote on the NASDAQ (plus a placing to raise funds/boost *share availability) as the group* rockets on towards its target of a £1bn market capitalisation within three years. So far the US majors in the recruitment field have dismissed the threat from little Blue—but a place in the world's top three should *be within reach before long.* At home there has been strong organic growth thanks to the improving permanent hire market plus a tripling of profitability at Brook Street—the latter was acquired for £19.1m and could produce almost £5m this year compared with the £1.8m warranted for 1985. Future plans could involve financial services (insurance especially), marketing (AGB happens to be Mr Berry's initials and may have bought the *customised number plate* he desires) and building maintenance. In the US, targets will be in the recruitment core. This year £20m looks almost too easy. The shares at 770p (soon to be divided in five for marketability) are on a prospective *p/e of 23—not cheap* but well worth buying for the medium term.

Campbell & Armstrong at £1m

Campbell & Armstrong, office and shopfitting company, raised 1986-87 profits to £1m pre-tax, an improvement of 39 per cent over the previous year's £730,000.

Professor Roland Smith, chairman, said the early months of the current year had seen the order load begin to build.

Turnover for the past year, to March 29, advanced from £6.18m to £6.89m. Administration expenses rose to £935,000 (£587,000), but interest charges were cut by £82,000 to £45,000.

After tax of £355,000 (£235,000) earnings per 5p worked through at 9.9p (8.1p). A final dividend of 1.9525p makes a total of 3.2542p net.

The *full year's* results were the company's first since joining the USM a year ago.

Nick Bunker on the Stewart Wrightson/Willis Faber merge

Size . . . a key factor for success

IT MAY have been the best piece of broking Mr David Rowland ever did in his life.

Six weeks of merger talks with Willis Faber—broken off at one point after a dispute over "fundamental issues"— culminated at 6 pm on Sunday in a meeting of Mr Rowland's fellow directors of Stewart Wrightson, the world's 12th biggest insurance broker.

It gave the green light for yesterday's announcement that Willis and Wrightson were proposing to join forces to form the world's fifth biggest broker.

Long ago Mr Rowland, Wrightson's chairman, had seen the logic of a merger—but "the catalyst was price," he said yesterday. "I had to believe that we were *getting the full value* for the business."

How good a deal Willis, *Wrightson and their* shareholders have actually got remains to be seen, though the difficult trading conditions expected for brokers over the next few years will provide the key test.

One possible obstacle—resistance *from* New York-based Johnson & Higgins, which sends large volumes of business to London via Willis—did not materialise.

J&H was "totally aware and totally supportive" of the merger, said Mr David Palmer, *chairman of Willis—who* yesterday dismissed suggestions that J&H's purchase recently of *a small Lloyd's firm,* Carter Brito e Cunha, signified that the 88-year-tie between Willis and the New York broker was weakening.

David Palmer (left), who is to become chairman of the new group, and David Rowland, who will become deputy chairman

Carter Brito brokes non-US dollar reinsurance, a field in which J&H and Willis do not work jointly, *according to Mr* Palmer.

One reason why J&H should take no umbrage at the Willis-Wrightson tie is that it involves a *renunciation by Willis Faber* of any ambitions to enter US retail broking, which would bring it into direct competition with J&H.

Willis has ruled out a foray into US retail broking because Stewart Smith, Wrightson's US *subsidiary,* operates in the North American "surplus lines" market, specialising in arranging insurance for difficult, unusual risks.

"*If we ever* tried to buy into US retail broking we would kill off Stewart Smith," said Mr Tony Keys, Wrightson's group development director.

In fact, that lack of a retail broking presence in the US is what will mark out the new enlarged *Willis Faber* from its fellows among the six biggest world brokers.

Sedgwick, for instance, is now strong in US retail via Fred S. James, *which it bought in* August 1985.

The Willis-Wrightson merger is a sign that both Mr Rowland and Mr Palmer see size as a key factor in determining the future success of an international broker, but not the only one.

There were explicit disclaimers by both men yesterday of any ambition to challenge "mega-brokers" like New York-based Marsh & McLennan by offering services across every class of insurance everywhere.

"If you are Marsh you do everything for everybody all the time," said Mr Rowland. "We are trying to seek out segments and provide just what the client wants in each sector."

For instance, the new group will be the world's *leading aero*space insurance broker. It will be very strong in the US surplus lines field, and Wrightson's UK retail broking for big corporate clients and the construction business will be added to Willis's ability to service multinationals via the *"UNISON"* network of brokers worldwide *to which it* and J & H belong.

The questions remain. First, Willis's reliance on J & H—a privately held company which is not up for sale — means that it *still* lacks the kind of firm grip over its US supply lines that Sedgwick arguably secured with its purchase *of James.*

Second, can the new Willis keep pace with the changing nature of the international commercial lines insurance business?

The last big capacity shortage in the US in 1985-86 saw Marsh and McLennan *forced* to create new forms of policy-holder-owned offshore insurance companies — called ACE and XL — for big US corporations which could not find adequate cover *from* traditional underwriters.

Will an expanded Willis have the ability to create the ACE and XL *of the 1990s* to service its multinational corporate clients when the next *insurance crisis hits?*

Only time will tell.

VSEL advances to £15m

VSEL Consortium continued to progress through the second six months of 1986-87 and for *the full year raised its profits* from a pro-forma £11.96m to £15.01m at the pre-tax level.

The group is the largest warship builder in the UK and Britain's only submarine builder — the results were VSEL's first since it came to market last July.

Dr Rodney Leach, chief executive, said yesterday that the £300m in new facilities approaching completion in Barrow, added to advanced warship building design and construction techniques and an increasingly flexible workforce across traditional demarcations in both Barrow and Birkenhead, provided the group with a unique opportunity which it was grasping with both hands.

Dr Leach pointed out that with a solid £1bn plus order book VSEL had a real chance to act as a catalyst to assist economic regeneration and progressive industrial growth in north west England.

He added that design development and construction of the Trident submarine was a complex and exciting engineering challenge matching any in UK industrial history.

Shareholders were told that the group was well placed for success and also in better shape than for many years to seek and compete successfully for export orders wherever opportunities exist.

The directors looked forward to another period of steady achievement in the current year.

For the past year (to March 31) pre-tax profits benefited from a £2.11m reduction in interest charges to £2.19m. Tax accounted for £1.06m (£8,000 credit) and extraordinary items for £4.18m (£4.5m). The latter provision consisted of costs incurred in acquiring the investment in Vickers Shipbuilding and Engineering and of obtaining a listing on the Stock Exchange.

Earnings per £1 share emerged at 39.8p (34.2p) and a final dividend of 8p makes an 8p net for the year.

The group also announced yesterday that Sir David Nicolson would be stepping down as chairman at the September annual meeting to concentrate on other activities.

Lord Chalfont, a boardroom colleague of Sir David's, will succeed him as chairman.

The 1985-86 pro-forma profit was calculated on the assumption that the capital structure of the consortium had been in place for the whole year to March 1986.

The consortium was formed to mount an employee-led buy-out of the Vickers shipbuilding yard at Barrow-in-Furness and the Cammell Laird yard at Birkenhead. The yards were due to be privatised by end-March 1986.

● comment

Employees who backed last year's buyout must be quietly pleased to see these figures from VSEL. With at least £14m expected, they were not a surprise, but the company's showing is impressive, particularly as Trident has yet to produce profits under the company's conservative accounting policy. An election result which ensured the future of the Trident programme, coupled with export possibilities to Saudi Arabia and Canada, and the potential of the new AS90 self-propelled howitzer currently being evaluated by the British Army, all make VSEL's prospects look good. It plans to get away from its 98 per cent dependence on MoD work, and use sub-contractors instead of the customary massive intake of new staff to even out the peak-and-trough syndrome which has been the bugbear of shipbuilding. Around £17m is expected next time, which on a tax charge of 7 per cent and a share price up 10p at 536p, puts it on a prospective p/e ratio of just under 12: not a discount to the sector, but still good value.

A. Cohen more than recovers lost ground

A. Cohen, manufacturer of non-ferrous metal ingots, more than recovered the ground lost last year with pre-tax profits more than doubled in 1986 from £1.25m to £2.6m. In 1984 the profit was £2.42m.

The directors said that the improvement had largely been due to a combination of an outstanding performance by the Australian subsidiary, Nonferral, and a major turnaround in the performance of UK operations. They said that so far the 1987 year was proceeding with figures which suggested that the company would have a good year.

Turnover last year was marginally higher at £49.23m (£48.81m); UK and overseas tax totalled £1.16m (£940,000). Minorities amounted to £247,721 (£191,481) and there was an extraordinary credit of £18,142 (£74,276 debit).

Earnings per share climbed from just 6.81p to 15.11p and the total dividend is increased from 10.8p to 12.1p with a final of 8.4p.

Rotaprint recovering

Rotaprint, printing equipment manufacturer, continued its improvement following reorganisation and share capital changes reporting pre-tax losses for the year to March 29 1987 down from £1.29m to £472,000.

The results were accompanied by a much stronger order book, directors said, and they expected that cost reductions and improved customer service would increase sales and improve profitability in the present year.

Sales were £13.77m (£14.91m) and losses per 5p share came out at 0.13p (0.58p).

BRITANNIA SECURITY Group has acquired Filmbond Services (London) for a maximum £1.1m. Filmbond's bonded warehouse facility is based close to Heathrow. A total 50 per cent of the consideration was paid in cash: the balance will be linked to performance over two years.

Benlox chief disposes of stake

BY NIKKI TAIT

Benlox, civil engineering and investment dealing group, which unveiled a £17m contested bid for another mini-conglomerate, Nolton, last Friday, yesterday revealed that almost 25 per cent of its shares were now held between Dr Ashraf Marwan, the Egyptian financier, three MIM-Britannia funds, and London Investment Trust.

The shares were previously owned by Mr Andrew Millar—chairman of Nolton until last January and now occupying a similar post at Benlox.

Benlox's advisers, Hincorp Earl, which placed the 4.5m shares, said that the three MIM funds had taken a stake of a little less than 10.5 per cent. Dr Marwan had a similar holding, and London Investment Trust had 2.63 per cent.

A further 0.5m shares have been placed but the purchasers have not been disclosed. The shares were placed at 65p.

Mr Millar's disposal, according to his advisers, was to avoid a mandatory offer for Nolton should the bid succeed. He holds 16.8 per cent stake and Benlox holds a further 12.65 per cent.

In view of the Nolton board's opposition to the bid, Benlox has released institutions speaking for 16.49 per cent of Nolton from irrevocable undertakings to accept the offer, though it still expects them to accept. Nolton shares edged 2p higher to 70p yesterday, 9p above Benlox's cash alternative.

Meanwhile, the £7m acquisition of Hincorp Earl, together with agency stockbroker, Ariel, by Mr Nick Oppenheim's Tranwood, was approved yesterday by shareholders at an Emergency General Meeting.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross Div.(p)	Yield %	P/E
175	133	Ass. Brit. Ind. Ord.	175	—	7.3	4.2	10.7
170	146	Ass. Brit. Ind. CULS	170	—	10.0	5.9	—
38	34	Armitage and Rhodes	38	—	—	—	—
80	67	BBB Design Group (USM)	78	—	4.2	11.1	6.3
280	215	Bardon Hill Group	280xd	—	1.4	1.6	18.1
170	95	Bray Technologies	170	—	3.8	1.9	23.9
190	130	CCL Group Ordinary	190xd	+3	4.7	2.8	13.6
123	99	CCL Group 11pc Conv. Pref.	123	—	11.5	8.1	4.9
146	136	Carborundum Ord.	148	—	15.7	12.8	—
94	91	Carborundum 7.5pc Pref.	94	—	10.7	11.4	—
106	87	George Blair	92xd	—	3.4	3.7	12.7
143	115	Isis Group	108	—	3.7	3.8	2.7
137	119	Jackson Group	137xd	+1	—	—	—
390	321	James Burrough	390xd	+1	8.8	5.0	7.6
97	90	James Burrough 9pc Pref.	97	—	12.6	4.7	8.5
780	510	Multihouse NV (AmstSE)	510xd	—	12.9	13.3	—
434	351	Record Ridgway Ordinary	434xd	—	—	—	20.2
95	82	Record Ridgway 10pc Pref.	82xd	+2	1.4	—	8.8
91	80	Robert Jenkins	80	—	14.1	17.2	—
110	42	Scruttons	76	—	—	—	2.5
180	141	Torday and Carlisle	110	—	—	—	—
410	321	Travian Holdings	180xd	—	6.8	3.7	8.7
108	73	Unilock Holdings (SE)	410	—	7.9	1.9	8.5
167	115	Walter Alexander	108xd	—	2.8	2.6	15.9
198	150	W. S. Yeates	167	+2	5.0	3.0	16.0
116	95	West Yorks Ind Hosp (USM)	195xd	—	17.4	8.9	19.5
			107	+2	5.5	8.1	11.4

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UK COMPANY NEWS

Atlantic Computers stake sold in £55m transaction

BY STEPHEN FIDLER

THREE major shareholders in Atlantic Computers, the computer leasing group, yesterday sold a large block of the company's shares in a transaction valued at more than £55m.

The 7.5m shares, 9.3 per cent of the company's equity, were sold by closely-linked companies which have undertaken to maintain for at least three months their remaining stakes in Atlantic of 8 per cent each.

The companies are Vagos Corporation, a privately-held company advised by Mr Len Jagger, which cut its stake by 2.7m shares; Peakhurst Corporation, a Panama-registered company advised by his son Nigel, which reduced its stake by 2.1m shares; and Canford Resources, advised by Mr Ian Skipper, which also lowered its holding by 2.7m shares.

The sales return their stakes to the level of April 1986.

The shares in Atlantic, whose market capitalisation has grown from £10m to more than £550m in four years, were placed at 735p each in about two hours yesterday morning by Salomon Brothers, the US investment bank.

Salomon had bid for the shares at an undisclosed price in a "bought deal" reminiscent of US practice, but increasingly used in London as a method of placing large share blocks.

Placement was achieved with little immediate impact on the share price, although in later trading it dipped 21p to close at 750p.

About half the shares were placed with UK investors, and the rest mainly in Europe, but also in Japan. The company, which merged with its rival Comcap in April, is aiming to widen its shareholder base outside of the UK and intends to take a roadshow to the US next month to explain the company to investors there.

H Ingram buys CoxMoore

BY CLAY HARRIS

Harold Ingram yesterday ignored the heat and prepared to don a brand new CoxMoore sweater. The knitwear group announced plans to pay £18.9m in shares for two privately owned textile groups, Readson Group and CoxMoore Holdings.

CoxMoore, the latter's label for men's luxury knitwear, will give its name to the combined company, which has total annual sales of £53m.

Ingram accounts for less than one tenth of the total. It yesterday reported a fall in pre-tax profits from £346,000 to £324,000 on turnover sharply down from £5.26m to £3.69m in the year to April 30. An unchanged final dividend of 1.75p maintains the total at 3p

Ingram shareholders approve the acquisition and a £6.65m placing of new shares, they will end up with less than 16 per cent of the new group, which will be valued at £31.3m at the placing price of 140p. The shares were suspended last week at 170p.

Mr Michael Renton and Mr Martin Green, who control Readson and CoxMore, will assume key executive roles at the new company, which they describe as a knitwear, garment and textile manufacturer of considerable size and presence. The vendors will control 60 per cent of CoxMoore.

Readson, the Midlands-based group acquired by Messrs Renton and Green in January 1986, makes and processes textiles and manufactures underwear, swimwear and other clothing. CoxMore, taken over two months ago, makes high-quality knitwear in Derbyshire. More than half of its production is exported.

The two companies achieved pre-tax profits of £1.2m on sales of £49.3m in the year to March 31. Their net assets at that date totalled £5.6m.

The Take-over Panel has waived the requirement that a general offer be made to Ingram shareholders. A claw-back of the shares to be placed was ruled out in order to broaden the shareholder base and widen the market in the shares.

Mr Walter Dickson, Ingram chairman, said that the 1986-87 results reflected the impact of a fire in August which destroyed the company's dye-works and affected knitwear production.

The group had been adequately insured for the loss of profit and the costs of re-building and re-equipping the dyeworks. Construction was expected to be completed by October or November.

If the acquisitions are approved, dealing in Ingram shares is expected to resume on July 23.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Blue Arrow ......int	1	Aug 21	0.6	—	2
Bogod Pelepah	0.2	—	0.2	0.25	0.31
Bogod Pelepah A	0.4	—	0.4	0.5	0.62
Campbell Armstrong‡	1.95	Aug 14	—	3.25	—
Clyde Blowers ......int	0.83	—	0.83	—	7.15
A. Cohen	8.4	Aug 28	7.5	12.1	10.8
Dowty	3.6	—	3.2	6.2	5.5
Eldridge, Pope ......int	3.5	—	3.5	—	7
FNFC ....int	3	Aug 26	2.25	—	6.39
Harold Ingram	1.75	—	1.75	3	3
Lynton Prop	3.85	Sept 11	3	5.5	4.5
Prism Leisure§	0.78	Aug 14	—	—	—
Unit Group¶	1.15	—	—	1.15	—
VSEL	6	—	—	6	—
Wilding Office‖ ......int	1.3	Aug 8	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Shares placed in December 1986.

Unit Group beats forecast

UNIT GROUP yesterday reported a rise in pre-tax profits from £204,346 to £604,027 exceeding the timber pallet manufacturer's forecast by £94,027.

These results are the first since the company joined the Third Market.

For the year to end-March turnover rose 31 per cent to £13.4m (£10.3m). Earnings per share were 19.4p. Dividend is the promised 1.15p.

Tax losses brought forward from previous years reduced the tax charge to approximately 8 per cent and the charge for 1987-88 is also expected to be significantly lower than the standard rate. This is a legacy from 1983-84 when the company slipped into losses because of a sudden rise in raw material prices.

CCA suspended

Shares in CCA Galleries — formerly Christie's Contemporary Art—were suspended at 106p yesterday. An announcement is expected on Wednesday. Shares in CCA were placed at 80p on the Unlisted Securities Market two years ago. Profits reached £486,000 before tax in 1986.

OPTOMETRICS (USA) (optical components manufacturers): Turnover US$2.57m (£1.59m) for year to March 31, compared with $2.63m. Pre-tax profits $82,000 ($326,000 loss) and earnings per share 0.9 cents (2.8 loss). Investment income $9,000 ($31,000) and interest payable $92,000 ($132,000). Tax credit $8,000 ($47,000).

Nimslo loss above $1m despite 3-D sale

By Philip Coggan

Nimslo International, the 3-D camera company which has been struggling since it joined the USM in 1981, yesterday reported a further pre-tax loss of $1.14m in the year to February 3, despite an exceptional credit of $2.83m.

The company's activities have been vastly reduced following the sale of its professional portrait operations and the sale of its rights in amateur 3-D photography to Nissei and Quantronics — the latter deal bringing in the exceptional credit. Turnover last year was only $1.9m compared with $33.2m the previous year.

Nimslo now hopes to earn licence income and to exploit its system in countries outside the US. Processing of film will continue to be an activity and the company has just opened a centre in Henderson, Nevada, but costs still need to be reduced.

The accounts are qualified by auditors Peat, Marwick, Mitchell in respect of the valuation of intangible assets and of Nimslo's remaining stocks of 3-D cameras. No dividends have been paid or proposed for the year and the loss per share was USc1.1 (USc1.9 loss).

Stat-Plus shares rise by 45p

Stat-Plus, office and law stationers, saw its market capitalisation rise by more than 10 per cent yesterday after it was announced that Mr Derek Bird, the chairman, had sold 1.1m shares in the company on Friday. This reduced his holding by half to 5.2 per cent.

The shares were placed at 320p by the company's brokers, Lawrence Prust, with a selection of major institutions.

FNFC surges 68% to £22.4m

SUBSTANTIAL rises from both the commercial lending and consumer credit divisions boosted First National Finance Corporation for the six months ended April 30 1987.

On turnover, excluding banking business, down slightly at £10.75m, compared with £11.77m, pre-tax profits came through 68 per cent higher at £22.42m (£13.37m), and fulfilled company's expectations, said Mr Richard Langdon, chairman.

The first half growth was mainly because of increases in business transacted, but was also aided by a reduction in costs. Improved efficiency was derived from maximising the use of the group's existing structure and decreases in interest payments.

Profits were divided as to property, £3.57m (£4.02m), commercial lending £4.67m (£316,000), consumer credit £16.53m (£11.5m), First National Securities £2.34m loss (£2.36m).

The directors said that the apparent decrease in profitability of the property sector was because of the uneven spread of activity over the year in this area. Some contracts were now reaching completion, so there was every expectation that this division would show good growth over the full year.

After tax of £3.5m (£1.24m) earnings per 10p share were given as 13.1p (9.6p) basic and 11.5p (9p) fully diluted while the interim dividend is lifted to 3p (2.25p) net — last year's final was 4.14p paid from pre-tax profits of £36.43m.

● comment

The market has a long memory and FNFC has still not, relative to the All-Share Index, regained the rating it had in 1973. However, in the last six months the company has shown signs of returning to favour—the share price has risen over 50 per cent and closed last night up 4p at 319p. The company's cautious approach on lending shows it is only too aware of the lessons of the past—its bad debt provisions on consumer credit are under control and its commercial lending, vastly expanded because of the acquisition of TCB, was held back because customers were actually repaying early. Property profits were slightly disappointing in the light of the buoyant housing market but that should redress itself in the second half and pre-tax profits could top £50m. That puts the prospective p/e at only 12 which is not overdemanding considering how well the company has recovered from the dark days of 1974.

Hawthorn trebles

Hawthorn Leslie Group, the company formed last February by the reverse takeover of Hawthorn Leslie by Adam Leisure, reported interim pre-tax profits of £692,000 compared with £235,000 for the six months ended February 28 1987. The results have been compiled on a merger accounting basis.

Mr Remo Dipre, chairman, said the board considered it impractable at this stage to make any dividend payment but it was confident that it would be able to declare a dividend at the year end.

BOARD MEETINGS

TODAY

Interims:— KLP, LPA Industries, Television South, John Williams of Cardiff.

Finals:— Fuller Smith and Turner, Hewetson, Hobson, Mercury Asset Management, Mercury International, North Housing Association, Benjamin Priest, Rowe Evans Investments, Royal Trust Dollar Income Fund, Sound Diffusion, WCRS.

FUTURE DATES

Interims—

Philips Lamps	July 29
Scottish Mortgage and Trust	July 16

Finals—

AAH	July 7
Batleys	July 9
Cambridge Instrument	July 8
Carclo Engineering	July 6
Coated Electrodes Intnl.	July 2
Dixons	July 15
Hillards	July 3
Joseph (Leopold)	July 6

Govett trust buys large stake in Smith Doctus

BY NIKKI TAIT

Govett Strategic Investment Trust, the general fund with a policy of taking sizable holdings in its UK investments, has picked up a 14.68 per cent stake, at 165p a share, in Smith Doctus, the company which resulted from a merger of Smith Whitworth and Doctus Management Consultancy in April.

The seller is Mr John Barker, formerly chairman of Smith Whitworth, who will be resigning as a director of the company. The company says the arrangement is an entirely amicable one and that it is sorry to lose Mr Barker's services.

Mr Barker is also selling 2,172 preference shares (4.83 per cent) to Govett. The total ordinary share holding of John Govett funds will now be 17.38 per cent.

Smith Doctus has also revealed a £53,953 loss before tax in the year to end-March (before Doctus was merged), compared with a £68,174 deficit in the previous 12 months. The year-end is being extended to September 0, ti bring it into line with Doctus, which reported profits of £422,879 before tax in the 24 weeks to March 20.

The shares added 2p to 147p yesterday.

SHARE STAKES

Saatchi and Saatchi—Directors Charles Saatchi and Maurice Saatchi each purchased 350,000 shares.

Airflow Streamlines — Mrs J. P. Winn has disposed of 71,600 ordinary and now holds 508.51 (5.95 per cent). Mr J. N. Winn acquired 71,600 and now holds 427,190 (5 per cent).

Trust of Property—Mr and Mrs A. N. Solomons have disposed of 60,000 ordinary and are now the beneficial owners of 362,000 (6.03 per cent).

London Investment Trust — On June 24 and 25 P. R. Dupee acquired the following shares: 500,000 at 63p; 400,000 at 65p; 100,000 at 64½p, and now holds 18.35m (20.17 per cent).

B. Elliott—Mr J. E. Frye, chairman, acquired 75,000 ordinary at 93p net of expenses.

South Africans' Baynes stake

By Nikki Tait

Hot on the heels of Friday's deal at Acsis Jewellery, another small shell company—Charles Baynes—is coming under the control of a South African businessman.

This time, 39-year-old Dr Bruce McInnes — currently chairman of a quoted South African diesel engines company, Hudaco—is planning to take a 31.9 per cent stake in Baynes.

Under the deal, which requires shareholder approval, Lotus Investments—a British Virgin Islands company, controlled by Dr McInnes' family trusts—will subscribe for 10m new shares in Baynes at 20p a share, and be granted an option over a further 3.7m shares at the same price. Hambros, the merchant bank, will subscribe for a further 5m on similar terms, and place at least 4m with institutional and other investors at 21p—2.25m to investors in concert with Lotus.

A further 4.8m shares will then be issued via a one for four rights issue, again at 20p. Net result will be to raise approximately £3.8m for Baynes and, assuming exercise of the options, give Lotus a 31.9 per cent holding.

UK COMPANY NEWS

Redfearn expands into packaging

BY DAVID WALLER

Redfearn National Glass yesterday announced a significant diversification with the £19.5m acquisition of a flexible packaging company from Bunzl, the paper and plastics group.

Bunzl Flexpack (BFL) made operating profits of £1.2m on turnover of £34.4m in 1986. This compares to Redfearn's pre-tax profits of £2.6m on turnover of £58.9m for the year to the end of September.

The Yorkshire-based glass and plastics manufacturer forecast that pre-tax profits for the current year would be no less than £3.6m, excluding any contribution from BFL.

The purchase is to be financed by cash raised from the placing of 3.95m new Redfearn shares at 520p, a 68 per cent expansion of the company's equity.

Mr Arthur Church, Redfearn's chief executive and principal architect of the company's recovery from losses in 1984, said that he had been looking for a "third leg" to the business for some time.

"At last we have found something which meets our criteria: BFL's activities complement our existing packaging businesses, and we can bring our skills and resources to bear. We have many customers in common."

BFL has between 8 and 10 per cent of the UK market for flexible packaging and its turnover is divided equally between confectionery, biscuits and cakes, and fresh food.

It made a loss of some £3.5m three years ago. In the past eighteen months, Bunzl has invested £5m on new plant and machinery. "The benefits of this have yet to feed through," said Mr David Richards, Redfearn's finance director.

The acquisition will reduce the proportion of Redfearn's turnover derived from glass from 85 per cent to around half. Reflecting this, the company is to change its name to simply Redfearn plc.

Redfearn's shares fell 34p yesterday to 554p. Bunzl lost 2p to 268p.

Zetters considers bingo spin-off

BY CLAY HARRIS

Zetters Group shares rose another 15p yesterday after the football pools operator said it was considering spinning off its bingo clubs into a new company with a separate listing.

Closing at a record 395p yesterday, Zetter's shares have risen by 50 per cent since the beginning of June. The company has a market value of nearly £26m.

The possible demerger would not involve the raising of any new capital, Mr Paul Zetter, chairman, said yesterday. Zetter's shareholders would receive shares in the bingo offshoot.

The move would give the Zetter family, which controls the company, a means of keeping the pools operation even if the bingo business was subsequently taken over.

Zetters operates 28 bingo clubs in the Midlands, west of England and south coast. They contributed nearly 54 per cent of Zetters' £1.67m operating profit in the year to March 1986 on only 29 per cent of the £28m turnover.

The company intends to announce further details in August, with its 1986-87 results. N. M. Rothschild and Wood Mackenzie are advising Zetters.

Apart from the proposed demerger, Zetters said it knew of no other reason for the recent surge in its share price.

C.E. Heath £5.5m sale to cut borrowings

BY NICK BUNKER

C. E. Heath, the insurance broker, is selling its 90 per cent stake in a French underwriting agent for FFr 54m (£5.5m) in cash in a move that will release money to repay some of Heath's borrowings and help finance expansion of the group's broking activities.

Heath said it had agreed to sell its holding in Groupe Sprinks SA to SIS Holdings, a privately-owned Swiss financial services group formed recently by three former employees of the Swiss Reinsurance group. The deal is conditional on approval from the French Finance Ministry.

Groupe Sprinks acts as an underwriting agent for various insurers which include its wholly-owned subsidiary Compagnie Francaise D'Assurances Europeenes SA.

The net book value of Heath's 90 per cent of Groupe Sprinks is FFr 59m, and the company made a pre-tax profit of FFr 5.1m in 1986.

Mr Peter Presland, Heath's group finance director, said Heath's strategy was now much more towards broking rather than underwriting and the disposal fitted in with that. He added, Groupe Sprinks was also mainly active in French industrial fire insurance, a class of business which had produced flat results recently.

Wilding Office profits over £1m in first half

Wilding Office Equipment, shares of which were placed in the main market last December at 135p per share, announced interim profits for the six months to March 31 1987 of £1.02m compared with £580,000 for the corresponding period of the previous year.

Mr Terry Wilding, the chairman, said sales had been very good over the first half as expected and with the company's strong management and marketing policy he had every confidence that the pace would continue throughout the second half.

Trading continued to be encouraging and the board remained confident that the company would continue its expansion. They viewed the future with considerable confidence.

Turnover in the first half was up from £11.04m to £15.82m and operating profit was £1.04m (£708,000m). Other income was £53,000 (£49,000) while interest payable was £70,000 (£55,000). There was no additional pension contribution this time (£22,000) and tax took £373,000 (£268,000) leaving earnings per share at 5.9p (4.2p).

An interim dividend of 1.3p has been declared.

JOHN BEALES (underwear manufacturer and supplier of refrigeration equipment) has acquired Staffs Refrigeration & Air Conditioning, Uno Shopfitting and Caem UK for a consideration of about £900,000 to be satisfied by the issue of 297,642 ordinary shares plus a later cash adjustment not exceeding £100,000.

WPP lifts rights funding to £213m

By Nikki Tait

WPP, the small UK marketing services company which last week won the backing of JWT Group, the New York-based advertising agency and PR combine, for an ambitious $566m bid, is to finance its increased offer via a larger rights issue rather than through increased borrowing.

WPP announced yesterday that it would raise the rights funding from £177m to £213m, and change the terms from a five-for-three issue to a two-for-one. The rights issue price is unchanged at 875p.

The balance of the cash offer will then be met from loan facilities of up to $260m, provided by Citibank and Samuel Montagu—the same figure originally proposed. The bankers will also provide a working capital facility of up to $50m for JWT.

The increased rights issue is conditional on the bid succeeding. WPP will now tender for JWT shares at $55.50, compared with the $45 proposed three weeks ago, with its offer due to close on July 13. Although a new player could theoretically arrive, the bulk of JWT's shares have switched to arbitrageurs and JWT itself has weeded out potential rivals, making this little more than a formality.

Nevertheless, the increased rights issue has been sub-underwritten on the same success-related terms as the initial conditional cash call. These offer institutions ½ per cent if issue fails and 2½ per cent (for the first 30 days) if it succeeds.

BET extends share issue

BET, the diversified services group, is to issue up to 25.8m shares—2.9 per cent of its authorised share capital—to support American depositary receipt listings in the US and Canada. At yesterday's price of 291p—down 9p—the issue would be worth £75m.

Plans for a US listing were announced in February and the company has prior shareholders' consent to issue up to 44m shares (or 5 per cent of authorised capital). Since then, says BET, Canadian investors have shown a "substantial interest."

Accordingly, there will be a US offer of 16m shares, managed by Merrill Lynch and Goldman Sachs; a further 6.4m-share issue in Canada, handled by Merrill Lynch with Wood Gundy and Levesque Beaubien; and another 3.4m shares to cover over-allotment.

Enlarged Lynton shows 10% asset improvement

Lynton Property and Reversionary yesterday declared pre-tax profits for the year to last March of £5.2m compared with a restated £4.9m for the previous year.

The figures are the first since Lynton Holdings and Property and Reversionary Investments merged in January. As such they provoked little surprise on the market and the shares of the merged group firmed 2p to 367p.

The final dividend at 3.85p raised total payment for the year to 5.5p, compared with joint dividends for 1985-86 of 4.5p. A 22 per cent increase in dividend payments had been forecast at the time of the merger announcement.

Earnings per share on the weighted average of shares in issue during the year were 7.9p compared with 7p for the previous year.

Net assets per share at 311p were 10 per cent higher than they would have been a year before. The total gross assets of the combined group are nearly £200m and the property portfolio is strongly weighted towards central London and the south east, with nearly a third of it in the retail sector.

Over the next two years the group plans to spend £25m on the existing portfolio to enhance the possibility of higher revenue in addition to that which would come from rent reviews. Many of the group properties are let at historically low rents, Mr Maurice Lambert, the chairman, noted.

Lynton Property and Reversionary intends to step up its trading activities at least in part to counteract any revenue losses from the refurbishment or redevelopment of properties in the portfolio.

Mr Lambert warned shareholders that gearing would increase from its present low level "to provide the funds necessary for future growth." Shareholders' funds total £150.5m, while liabilities to creditors, falling due after more than one year, total £31.8m.

H. YOUNG HOLDINGS has entered into a conditional agreement to acquire Toolrange of Reading for £1.85m, to be satisfied by the issue of 1,258,504 new ordinary shares. Arrangements have been made to place the new shares, together with a further 132,937 new ordinaries being issued for cash to raise approximately £195,000 for Young, with institutional and other investors at 147p per share. Under terms of an open offer ordinary shareholders can apply for the new shares on the basis of two new ordinary for every nine held at 147p per share. Toolrange made pre-tax profits of £326,000 in the year to October 1986, including non-recurring income of £135,000. Net assets were £502,000.

Theme surges to £0.27m midway

Boosted by the Leisure Development acquisition and a surplus from the sale of the leasehold premises of Peppermint Park, taxable profits of Theme Holdings, the leisure concern which operates Fatso's Pasta Joints and Langan's Bars & Grills, surged from £51,000 to £266,000 for the six months ended April 30 1987.

In their first interim results since joining the Third Market last January, the directors also reveal an 86 per cent rise in turnover to £3.06m (£1.65m). After tax of £93,000 (£19,000) earnings per 2p shares jumped from 0.3p to 1.6p.

ISSUE NEWS

Martin Shelton set for USM placing

BY PHILIP COGGAN

Martin Shelton, a diary and calendar manufacturer and betting office stationery supplier, is joining the Unlisted Securities Market via a placing which values the company at £3.15m.

Shelton is trying to build up direct sales of its diaries and promotional gifts, after group sales grew only 3.5 per cent in the year to March 31, 1987. Direct sales offer higher margins and the company thinks a USM quote will raise the group's profile with potential customers.

The company's business is highly seasonal and it is impossible for it, at this stage of the financial year, to assess the success of its direct sales strategy or for it to make a profits forecast. Pre-tax profits last year were £329,000 (£289,000) on turnover of £1.86m (£1.8m).

Schaverien is placing 1.6m shares, 32 per cent of the enlarged equity, at 63p each to raise just over £1m, with 1m shares being new and the rest being sold by Mrs Betty Martin, mother of Mr Paul Martin, the chairman, and Mr Roger Martin, the sales director.

The historic p/e at the placing price is 14.4 and the directors expect to pay a net dividend of 1.75p, giving a gross yield of 3.8 per cent.

Far East £2m placing

Far East Resources, a company which owns the right to explore for oil and gas in part of the Philippines, is joining the Third Market in one of its largest placings so far.

The company is raising just over £2m, via the issue of 3m shares, 30 per cent of the equity, at 80p each, valuing the group at £8m.

The proceeds will be used to explore and drill on North Cebu island where engineers estimate that there are 1m proven stock tank barrels, 0.8m probable barrels and 67.3m possible barrels attributable to the group. Drilling is expected to begin in early 1988.

Far East intends to acquire a widespread portfolio of exploration and production acreage and has already identified potential investments in France and North America. Brokers to the issue are T. C. Coombs.

UK COMPANY NEWS

Clay Harris on Brent Walker's purchase of Lonrho casinos

Right time to cash in the chips

LONRHO IS cashing in its chips after 10 years at the gaming table.

The approach from Brent Walker, which led to the £128m sale of eight UK casinos, could not have come at a better time for the international trading group.

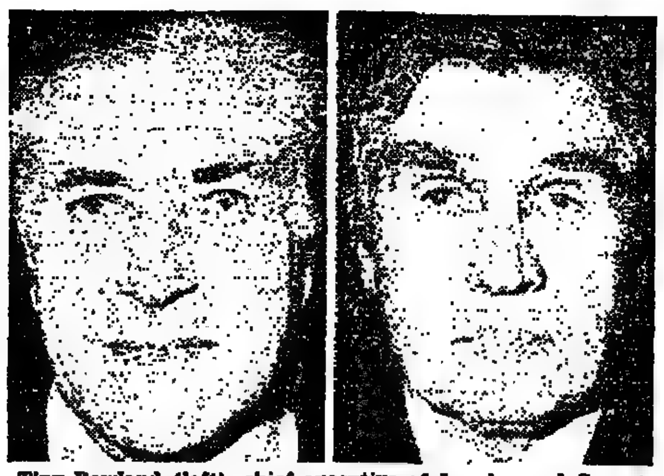
The £63m profit on the book value of the assets would more than offset any extraordinary loss arising if Lonrho sold its stake in Today, although talks with Mr Robert Maxwell apparently ended yesterday.

It should also make the Lonrho balance sheet less vulnerable to critics such as the al-Fayed brothers, owners of the House of Fraser stores group which includes Harrods.

The al-Fayeds and Mr Tiny Rowlands, Lonrho chief executive, have been locked in a fierce verbal and legal battle for more than two years.

With the casinos contributing pre-tax profits of less than £5m last year, the proceeds of the sale will also feed through immediately to Lonrho's profits, providing an estimated interest income of £12m.

"It was a little bit of opportunism that got them in and it's a little bit of opportunism that got them out," one City analyst said yesterday.



Tiny Rowland (left), chief executive of Lonrho, and George Walker, his opposite number at Brent Walker

Lonrho got its first casino almost by chance in 1977 when it bought the three Metropole hotels from AVP Industries.

The hotel in Brighton included a small casino. It was this casino, ironically, which first attracted the attention of Mr George Walker, chairman and chief executive of Brent Walker, who wanted to move it into the company's Brighton Marina development.

Of its subsequent purchases, Lonrho improved the position of several London casinos, moving Crockford's from Carlton House Terrace, St James's, to Curzon Street, Mayfair, and the Golden Horseshoe from Soho to Bayswater.

Most significantly, however, Lonrho brought gaming back to the Park Lane premises formerly occupied by the ill-starred Playboy Club by moving the International Sporting Club from Berkeley Square.

The sale announced yesterday includes the freehold of 45, Park Lane and four other casinos, as well as three long leasehold properties. Crockford's lease is the shortest at 14 years with right of renewal after a rent review.

The Park Lane building also includes 11 luxury flats which alone have been valued at £20m, according to Mr Walker. His company will get them with vacant possession.

After the acquisition, Brent Walker initially will rely on casinos for 40 to 50 per cent of its profits. Mr Walker expects this to fall to 20 per cent by 1990, as the company's ambitious property developments increase their contributions.

Mr Walker and his family will not take up their full entitlement of the convertible preference shares to be issued to fund the acquisition. Their stake will fall from 20 per cent to 15 per cent.

Lord King in confident mood at BA's first annual meeting

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

British Airways has begun its new financial year well, with traffic since April 1 up on the comparable period of last year, Lord King, chairman, told the airline's first annual meeting since privatisation yesterday.

Although the airline had optimistically taken the Royal Albert Hall in London as the venue for the meeting, in the event it was barely half full—but that still meant well over 3,000 shareholders, including both staff and general public shareholders, attending.

Lord King, chairman of British Airways

They were treated to a performance by the airline's own band, and a self-adulatory video about the airline, before Lord King and his board arrived on the platform to loud applause.

Lord King was in good humour making it clear from the start that if there was going to be any trouble he held 62.8m proxies in favour of all the resolutions, and would use them if he had to.

But few were inclined to be difficult. The meeting was over in less than an hour, and was enjoyed by most of those attending, the less satisfied probably being only a few questioners who were courteously answered, but firmly put down by the chairman when their questions veered away from the subject of the meeting—approving the report and accounts.

Questions as to why BA continued to fly to apartheid-dominated South Africa and why there were no female members of the board were swiftly despatched.

To loud applause, Lord King declared that BA's business "is to fly people, and not to take political positions. There are many places we fly to, or would like to fly to, where one could say the same thing. We are operating within the laws of both the UK and South Africa in flying between those two countries, and will continue to do so."

There was equally as much approval of his further statement about women board members, when he replied that appointments were made soley on the usefulness of such individuals to BA, and that applied to both sexes—clearly indicating that although there were no ladies on the platform at that moment the door was open in future for women of the calibre required.

One questioner wanted to know whether media stories were true in suggesting that Miss Joan Collins, whose differences of view with BA about over-booking have already been well publicised, actually travelled free. He was assured that the lady was a valued customer of BA, and would continue to be so: she travelled often and bought all her tickets.

Lord King was loudly applauded when he concluded "the company is going along well, traffic is good, and business is good. This trend will be reflected in the first-quarter's statement to shareholders which will be published in early August."

Sims Catering suspended

By Clay Harris

Sims Catering Butchers shares were suspended yesterday as the USM-quoted meat processor unveiled talks which could lead to the acquisition of several companies controlled by its new majority shareholder.

Mr Ron Randall appears to be trying to repeat his success with Meadow Farm Produce, the meat processor valued at £5.5m when it came to market in March 1984.

Since leaving Hillsdown in March, Mr Randall and associates have taken control of several private companies in the meat business. Earlier this month, he bought 57 per cent of Sims for 165p.

Since then, the Randall touch has lifted Sims shares to yesterday's suspension price of 322p, where the company has a market value of £12m.

Mr Randall and Sims were keeping a lid yesterday on details of negotiations, declining even to name the companies involved. In aggregate, however, the companies are believed to have turnover of about £12m.

Sims has been sensitive about acquisitions since March when it announced plans to take over Ken Read and Son, a Lincolnshire meat processor and cold store operator, only to be gazumped by Global Meats two weeks later.

Mr Terry Finn, Sims managing director and moving force behind its coming to market in 1985, subsequently sold his majority stake to Mr Randall, although he has kept his executive position.

COMMODITIES AND AGRICULTURE

Opec accord brings general relief

BY MAX WILKINSON, RESOURCES EDITOR

THE SUCCESS of the Organisation of Petroleum Exporting Countries in agreeing new and tighter production limits this weekend was received with almost audible relief by oil companies and even governments.

Traders and analysts were less restrained in their approval after the three-day meeting in Vienna. The price of Brent crude for July delivery rose 30 cents at one stage yesterday, before falling back.

In London, Mr Mehdi Varzi, oil analyst for Kleinworth Grieveson, summed up the general mood of optimism when he said: "Opec has gained its second wind."

Only a few years ago it would have seemed incredible that the Western oil interests could become such enthusiastic supporters of the cartel's efforts to fix prices above their free market levels.

Still less would anyone have believed that consuming countries would find themselves cheering on a belligerent Iran in its ritual struggle with the moderate producers led by Saudi Arabia.

Saudi Arabia and its allies on the Gulf Co-operation Council had wanted the self-imposed ceiling on Opec output to rise from 15.8m barrels a day to 18.3m by the last quarter of the year.

But Iran, which with Libya and Algeria has consistently pressed for tighter restrictions and a higher fixed price, succeeded in persuading the conservative producers to adopt a figure of 16.6m b/d for the rest of the year.

Oil companies would almost all welcome a higher crude price to boost the earnings of their upstream operations. The lesson from the last 18 months is that the boost to profits in refining and marketing from falling crude prices was short-lived because of competitive pressures, and the effect of over-capacity in the refining industry.

It is less obvious why governments of the major industrial countries should give Opec's recent efforts their silent blessing. The main reason is that they fear low prices could create a longer term strategic danger for the West, which could outweigh the economic benefits of cheaper oil now.

A consensus emerged at last month's ministerial meeting of the International Energy Agency in Paris that low oil prices could drive up demand and depress supply outside the Gulf region to an extent which could once again put Opec militants back in control, even if a re-run of the 1979 oil crisis seemed unlikely.

The relationship between price and demand for oil is also crucial for Opec's own calculations. In 1986, when the average price of crude imported by industrial countries was $14.9 per barrel, oil consumption rose by an underlying 2.7 per cent. This was a decisive reversal of the trend between 1979 and 1985, when oil consumption in the industrial countries fell by almost a fifth, or 7.7m b/d.

This fall in demand, induced by Opec's artificially high prices, created the strains which led to last year's price collapse. This year, with the cost of imported crudes rising slowly from about $16 per barrel in January to $18 now, Western demand has been sluggish, and is generally expected to rise by less than 1 per cent (about 470,000 b/d) for the year as a whole.

Although the picture is still obscured by changes in stock patterns, it seems that at a price of about $20 per barrel, world demand for oil will be fairly stable, while some incentive would remain to explore and develop oil fields in expensive areas like the North Sea and Alaska.

Opec's strategy, therefore, has to be balanced between the desire to maximise revenues and the fear of stifling growth in demand. Saudi Arabia and Kuwait, with large reserves relative to their populations, have emphasised demand growth; in Iran, where production is held back by war damage, the emphasis is on price and revenue.

The fact that they managed to agree relatively easily this weekend suggests that the price is now somewhere near its political equilibrium. The combination of Saudi Arabia's economic weight and Iran's political force is generally expected to keep the cartel together at least until the end of the year.

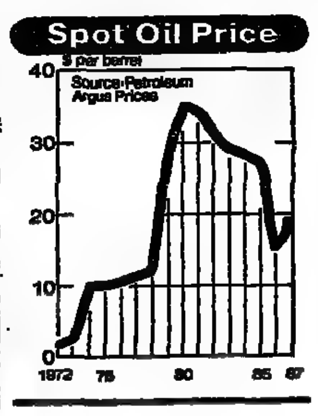
Moreover, Mr Hisham Naser, the Saudi oil minister has so far proved an effective persuader, flying between Opec capitals earlier this year to keep "cheating" within bounds. The combined strategy now is to keep Opec supplies tight enough to push world spot prices above their official selling prices of around $18. The tight target will also leave a little room for "unavoidable" cheating. Oil companies are already thinking about longer term contracts to assure their supplies, especially as Opec prices begin to look attractive.

If this strategy lasts, as expected, through the autumn Iran will doubtless press for a higher official price of $20. If the world is then accustomed to spot prices at that level, there may not be much resistance, especially as Saudi Arabia has its own budgetary difficulties, as a result of the very low levels of its output earlier this year.

But this, like the problem of Iraq's increasing capacity to export by pipeline, is a problem for another day, and one which most observers agreed could well be postponed until the next scheduled meeting in December.

NORWAY WILL maintain its **support for Opec's policy of production restraint by extending its 7.5 per cent cut in planned North Sea output from July 15 to the end of the year, reports Reuter from Oslo.**

"We took a very positive view of the Opec meeting in Vienna," said Mr Egil Helle, the Oil Ministry spokesman. "The accord reached there means stability in the oil market and we shall continue making our contribution."



Indian pepper sales on the slide

By P. C. Mahanti in Calcutta

INDIA'S PEPPER exports continued to slide in the first five months of the current crop year, which began last November. During that period the overseas sales total was 11,390 tonnes, down nearly 60 per cent from the corresponding period a year earlier.

Exporters remain very pessimistic and expect this crop year's export total to be halved from the 60,000 tonnes record achieved in 1985-86. That would also mean a shortfall against the recent annual average of nearly 40,000 tonnes.

Because of a prolonged drought in the main producing state of Kerala output during the current year is set to fall from last season's 70,000 tonnes to between 40,000 and 45,000, pepper traders estimate. They believe, nevertheless, that better incentives could encourage a brisker export trade.

Only the US, West Germany and some East European countries have been active buyers in the Indian market this year. Exporters blame absence from the market of the Soviet Union, usually a big customer, on expectations that the emerging exportable surplus will drive prices lower.

They want their Government to persuade the Soviets to start buying under the recently concluded bilateral trade agreement.

Judge says Tin Council papers can be produced

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CLAIM by the International Tin Council that its internal documents were inviolable and could not be produced in court proceedings has been rejected by a High Court judge.

Mr Justice Webster ruled yesterday that documents relating to the ITC's trading activities were not protected by the inviolability conferred on the Council's archives under the English law.

The ruling, which will be challenged by the ITC in the Court of Appeal tomorrow, was the first success for creditors of the insolvent ITC in the litigation that has arisen from the ITC's collapse in October, 1985.

The question of the inviolability of ITC documents has hovered over all the tin cases that have come before the court but only became a live issue when the hearing began of the challenge by Shearson Lehman Brothers, a trading company owned by American Express, and its subsidiary Shearson Lehman Metals, to the validity of a London Metal Exchange rule imposing a fixed settlement price on outstanding tin contracts following the ITC's

In the same action Shearson is also claiming about £43m from Maclaine Watson and £18.5m from J. H. Rayner (Mincing Lane) — both of which are ITC creditors — for non-acceptance of tin that Shearson had contracted to sell them.

Shearson and other parties have obtained copies of ITC documents which they want to use as evidence.

The ITC, which is not a party to the action, intervened to argue that its documents, or copies of them, or information derived from them, could not be used. It contended that its archives had been made inviolable by the 1972 International Tin Council (Immunities and Privileges) Order.

Mr Justice Webster observed that one of the ITC's prime functions was to buy and sell tin and, although it was immune from legal proceedings it was not immune from arbitration on its contractual obligations.

He said that documents properly contained in, or in the course of transmission to, the ITC's archives were inviolable.

Confidential documents relating exclusively or primarily to the relationship between the ITC and its members, or between the members in their capacity as such, "and which do not relate directly to its trading activities," also were protected from disclosure.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ended last Friday)

	(tonnes)	
Aluminium		
high grade	−25 to	1,475
standard	−4,375 to	89,975
Copper	−2,675 to	106,625
Lead	+850 to	21,300
Nickel	+138 to	8,964
Tin	−180 to	26,825
Zinc	+800 to	28,075
	(ounces)	
Silver	+32,000 to	22,380,000

Poland to raise farm prices

By Christopher Bobinski in Warsaw

PRICES OF farm produce as well as fertilisers, pesticides and tractors are to go up in Poland tomorrow, the Government has anounced.

Fertilisers are to cost 50 per cent more, pesticides are to rise by 40 per cent, and tractors are to go up by a quarter.

The average prices paid to farmers fro their produce is to go up by 20.3 per cent.

According to the Government the increase in the price of farm produce will cover the growth in production costs but not the general increase in the cost of living.

Thus farmers' incomes will continue to trail behind urban wages, to the dismay of the agricultural lobby.

Prices of grain are to rise by 18 per cent on average, and beef is to go up by 23.3 per cent.

BHP in Mali gold search

BHP, the Australian steel, mining and energy group, has signed an agreement with the Government of Mali to explore for gold in 1,500 square kilometres in the south of the Saharan country, writes Stefan Wagstyl. Some $1.5m is to be spent on exploration under the terms of the contract, which follows preliminary prospecting funded by the United Nations Development Programme.

Weather key to riches or ruin

FARMER'S VIEWPOINT

By John Cherrington

LAST WEEK I had a good look at cereal crops on the Hampshire chalklands, and I do not think I have ever seen them looking much better at this time. I understand that the same can be said of crops in other parts of the country as well. In addition there has, as yet, been little disease and, except in a a few very isolated areas, there has been sufficient moisture to generate quite remarkable yields.

Most farmers I have met lately have expressed themselves worried that these crops will be so heavy that the whole equilibrium of the grain market will be upset. That is a possibility of course, but it is worth remembering that so far the plants have done no more than to grow well.

The autumn-sown barley has headed very well indeed and the embryo grains are beginning to swell. As yet, however, there is no weight in these heads. If they were picked off and dried they might result in viable seeds, but they would have no flour around them to give the grains weight. They need to mature on the stem and that requires heat and sunshine, and there has been little enough of either this summer.

Winter wheat has had plenty of moisture and many of the gaps which were showing earlier on seem to have filled in. Some of the crops I have seen lately have an enormous number of heads showing and if the grains fill up there could be a record harvest.

I am far from being sanguine about this, however. I remember that in 1984 following a warm spell with plenty of sunshine I had my best ever harvest. In 1985 there was a far less favourable summer and my wheat was more than half a tonne an acre down in yield, as was most of the rest of my grain.

I am not counting my chickens yet and I will be surprised if my own crops reach record levels. They looked very mediocre early on and I do not think they could have mended so well. But you never know. If farmer could not fantasise a bit there would be little pleasure in the job at all.

Spring barley, from which most malt is made, has made good progress, as indeed it always does in a cool moist time. The crops are thick and there could be a danger of a late attack of mildew during the next few weeks—although one variety I grow is supposed to be mildew resistant. I have some hopes of my spring sown barley — there could be a malting premium as there was last year. Indeed I cashed in on it then but am not so foolish as to believe that good fortune will repeat itself.

Last year I pioneered a crop of spring beans. They were hard to plant because of the weather, never looked much and did not come to harvest until the end of October. They filled the combines with broken debris from which we extracted a reasonable yield and after drying the crop turned out quite profitable. This spring the beans were planted in a beautiful seed bed, have grown well and flowered quite strongly. On one of the last fine days I walked through the crop and heard the bees working hard, so they should set a good yield. Last year we never saw a pollinating bee.

I grow no peas but the crops I have seen around are magnificent. The trouble I found when I tried pea growing was that either you grew a good thick crop which became a sodden mess towards harvest, or else you were worried by a skimpy show all the summer, despaired of getting anything and were pleasantly surprised.

Like the cereal the peas and beans are highly subsidised and reports of these good crops must worry Mr Frans Andriessen, the EC Agricultural Commissioner. Poor Mr Andriessen cannot be feeling too happy either about the record oilseed rape crop which seems on the cards. The sugar beet I saw in the West Midlands the other day was doing very well too.

From the farmer's point of view, of course, the prospect is pleasing, with full crops and plenty of grass.

There are, however, worrying signs that circumstances could go wrong. A number of the best fields of winter barley are showing signs of going down. As each rain storm came heavier these laid patches spread across the fields and a heavy thunderstorm can turn a promising crop into a soggy tangled mess in a very short time. Barley which goes down as early as this will never get up again, but will sometimes throw up fresh shoots from the broken stems. These will even form green grains which never ripen and ruin the sample.

Continuous wet weather will make uncut wheat sprout in the ear. There was one variety I once grew called Huntsman which would sprout when the grain and the straw were still green. The sample then was useless for anything but a particular biscuit. All this can make harvesting a misery.

One of the worst harvests I can remember was in 1946. We made little hay, silage was poor, and the last field of oats was scraped off the ground on December 15. This summer so far has been remarkably like that one, so the weather over the next six weeks could determine wheather this is to be a year of riches or ruin for British cereal growers.

LONDON MARKETS

STERLING's weakness against the dollar helped to lift prices on London's cocoa and coffee futures markets yesterday. Cocoa's rise, which took the September position up £18 to £1,333.50 a tonne, was also influenced by the appearance of bullish chart patterns which gave further encouragement to speculative buyers. Dealers said concern over dry weather in Brazil and West Africa remained a supporting factor. The September coffee futures price ended the day £19 higher at £1,276.50 a tonne, mainly on currency considerations. Colombia's announcement at the weekend that it plans to take an active part in the futures market for the first time was a further encouragement to buying, although a Colombian official insisted that there was no question of his country speculating on the price of coffee beans. He said the intention was to "play a part in guaranteeing stability of rates." Legislation to enable the Colombian Coffee Federation and private exporters to deal in futures was being drawn up, the official said. But he did not know when it would take effect.

LME Prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or −	High/Low
Cash			
3 months	1547-9		1548/546

Official closing (am): Cash — (—); three months 1548-9 (1546-7); settlement — (—). Final Kerb close: —. Ring Turnover 550 tonnes.

99.5% purity	£ per tonne		
Cash	906-7	+9.5	907
3 months	891-2	+7	893/891

Official closing (am): Cash 907-7.5 (892-5.5); three months 892-2.5 (882-2.5); settlement 907.5 (893). Final Kerb close: 892-3. Ring Turnover 10,800 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	988.5-89	-4.25	990/988
3 months	960-0.5	-1.25	969/958

Official closing (am): Cash 988-8.5 (983.5-4.5); three months 968-9 (976-6); settlement 988.5 (984.5). Final Kerb close: 960-0.5.

Standard			
Cash	991-5	+6.5	
3 months	971-5	+6.5	

Official closing (am): Cash 995-9 (985-90); three months 975-8 (960-3); settlement 999 (990). US Producer prices 74-79.5 cents per lb. Total Ring Turnover 37,800 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	389-91	-2.75	394
3 months	373-4	-1.75	380/371

Official closing (am): Cash 383.75-4 (383-4); three months 378-7 (376-8.5); settlement 384 (384). Final Kerb close: 376-8. Ring Turnover 5,100 tonnes. US Spot: 37-38 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2775-80	+25	2785/2760
3 months	2820-5	+25	2830/2820

Official closing (am): Cash 2785-90 (2735-40); three months 2820-5 (2770-5); settlement 2790 (2740). Final Kerb close: 2830-40. Ring Turnover 684 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	531-5	+1.25	535/533
3 months	514-5	-0.75	515/513

Official closing (am): Cash 531-2 (532-3); three months 513.5-4 (517-8); settlement 532 (533). Final Kerb close: 514-5. Ring Turnover 6,150 tonnes. US Prime Western: 47.50-48.50 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $ tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	[illegible]		

		July	Sept.	July	Sept.
Aluminium 99.7%	1,400	152	164	2¼	11½
	1,425	127	38	7½	32
	1,450	101	21½	18	—
Copper (Grade A)	1,550	59	58½	2¼	13½
	1,575	36	40	8	24
	1,600	19	30½	15	40
Copper (Grade A)	925	44½	3½	12½	
	950	25	28	25	34½
	975	10	18	21	38½

Eastimates.

TIN

Kuala Lumpur Tin Market: Close 18.45 (18.49) ringgit per kg. Down 0.04 ringgit per kg.

GOLD

GOLD BULLION (fine ounce) June 29

Close	$449-449¼	(£280-280½)
Opening	$445½-446	(£278½-278¾)
M'n'g fix	$446.50	(£278.733)
Aft'n'n fix	$449.75	(£280.463)
Day's high	$450-450½	
Day's low	$445¼-445¾	

GOLD AND PLATINUM COINS

Am Eagle	$461-466	(£287¾-290¾)
Maple leaf	$460-465	(£287¼-289)
Kr'g'r'nd	$448-451	(£279¾-281½)
½ Krug	$232½-233½	(£145¼-145¾)
¼ Krug	$118½-117½	(£73¾-73½)
Angel	$456¼-459¼	(£284¾-286¾)
1/10 Angel	$44-48	(£27½-30)
New Sov.	$104¼-105¼	(£65¼-65¾)
Old Sov.	$104½-105½	(£65¼-66¼)
Noble Plat	$569-579	(£355¼-361¼)

COTTON

LIVERPOOL—Spot and shipment sales for the week ended June 26 amounted to 208 tonnes, compared with 522 tonnes in the previous week. Moderate trading occurred with dealings mainly in Sudanese, West African, Russian and Australian varieties.

INDICES

REUTERS

June 26	June 25	M'th ago	Yearago
1614.2	1614.0	1635.4	1462.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 26	June 25	M'th ago	Year ago
Spot	126.64	126.40	—	127.31
Fut	124.94	124.07	—	112.30

(Base: December 31 1974=100)

MAIN PRICE CHANGES

	June 29 1987	+ or −	Month ago
METALS			
Aluminium	$1565/575	+10	$1550/625
Free Market			
Copper			
Cash Grade A	£988.75	-4.25	£930
3 months	£960.25	-1.25	£910.75
Gold troy oz	$449.25	+3.25	$455.25
Lead Cash	£390	-3.75	£382
3 months	£373.5	-1.75	£360.5
Nickel			
Free Mkt	$22/29c	+2	$194/214c
Palladium oz	$138.00	+1.50	$141.25
Platinum oz	$597.00	+4.25	$574
Quicksilver†	$434/450	+12.75	$460/470
Silver troy oz	434.05p	+12.75	430.40p
3 months	443.90p	+12.0	439.80p
Tin			
Free Mkt	£4155/160	+25	£4220/250
Tungsten	$56.15		$46.54
Wolfram 22.04lb	$45/55		$45/55
Zinc	£516.5	+1.25	£497.5
3 months	£514.5	-0.75	£498.5
Producers	$790		$790/840
OILS			
Coconut (Phil)	$530z	-10	$400
Palm Malayan	$335x		$347.5
Seeds			
Copra (Phil)	$335y		$380
Soyabean (U.S.)	$157.5	+2	$153
GRAINS			
Barley Fut. Sept	£99.15	+0.45	£100.35
Maize	£155.00		£149.00
Wheat Fut. Nov.	£98.10	-0.65	£100.8
No. 2 Hard Wint.			
OTHERS			
Cocoa Ft. Sept	£1333.5	+18	£1261.5
Coffee Ft. Sept	£1276.5	+19	£1384.5
Cotton A Ind'x	80.70c		71.90c
Gas Oil Aug.	$151.25	+3.75	$150.5
Rubber (kilo)	65.7p		64.25p
Sugar (raw)	$176.4		$167
Woolt'ps 64s	475p kilo	+2	480p kilo

† Unquoted. † Per 75 lb flask. c Cents a pound. v July. z Sept/Oct. x July/Aug. y Aug.

SILVER

Silver was fixed 12.75p an ounce higher for spot delivery in the London bullion market yesterday at 434.05p. US cent equivalents of the fixing levels were: spot 698.8c, up 14.25c; three-month 707.5c, up 14.3c; six-month 720.8c, up 15.2c; and 12-month 746.8c, up 15.3c.

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	434.05p	+12.75	434p	+3.5
3 months	443.90p	+12.0	443p	+3.5
6 months	454.20p	+12.5	—	
12 months	473.40p	+12.6	—	

LME—Turnover: 16 (10) lots of 10,000 oz.

COFFEE

A steadier dollar kept London quietly steady yesterday as outright levels closed just below recent highs. The differentials however were weak. The near term moving averages crossed on the upside later prompting some light buying on the close, reports Drexel Burnham Lambert.

COFFEE	Yesterday's close	+ or −	Business done
July	1242-1245	+15.0	1250-1228
Sept	1276-1277	+19.0	1288-1262
Nov	1295-1297	+20.5	1303-1287
Jan	1313-1315	+18.5	1320-1307
March	1334-1335	+16.5	1340-1325
May	1350-1359	+18.0	1358-1340
July	1360-1370	+10.0	—

Sales: 3,788 (3,080) lots of 5 tonnes. ICO indicator prices (US cents per pound) for June 26. Comp. daily 1979 97.20 (95.87); 15-day average 100.69 (101.19).

COCOA

Futures initially gained £20 and after easing a little profit taking rallied again to close this evening on a fully steady note. Consumers found the levels unattractive but producers offered cocoa on a scale up basis, without any great quantity of business apparent, reports Gill and Duffus.

COCOA	Yesterday's close	+ or −	Business done
	£ per tonne		
July	1300-1360	+16.0	1367-1346
Sept	1333-1334	+18.0	1337-1313
Dec	1374-1375	+16.0	1377-1352
March	1388-1389	+16.0	1391-1367
May	1405-1407	+16.5	1407-1388
July	1421-1423	+16.5	1424-1403
Sept	1438-1439	+16.0	1438-1420

Sales: 4,700 (3,386) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for June 29 1620.71 (1607.89); 10-day average for June 29 1584.95 (1585.10).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo June 29			
July	807/805	819/805	821
Oct.	867/868	875/861	878
Jan.	865	875/865	875/876
Apr.	898/900	916/899	920
July	780/790		792
Oct.	900	890	890
Jan.	930		930
April	1040	1040/1035	1050
BFI.	891.5		901

Turnover: 546 (300).

GRAINS

Old crop wheat saw highs in early trading before easing on speculative and general long liquidation to close with sellers. New crops again struggled on country hedge selling though farmer selling still lacked any volume, with short term profit taking noted at new contract low levels, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
July	121.10	-1.30	—	—
Sep	99.15	-0.60	99.05	-0.25
Nov	100.80	-0.35	100.60	-0.25
Jan	103.80	-0.35	102.60	-0.25
Mar	106.60	-0.40	104.70	-0.25
May	110.00	-0.15	—	—

Business done—Wheat: July 112.75-111.10, Sept 99.75-98.60, Nov 100.80-100.60, Jan 103.50-103.25, Mar 106.75-105.80, May 108.40-108.25, July 110.50 only. Sales: 224 lots of 100 tonnes. Barley: Sept 99.05 only, Nov 98.10 only, Jan 100.85-100.80, March 102.85 only, May 104.70 only. Sales: 21 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark Northern spring No. 2 14 per cent July 95.50, Aug 96.00, Sept 94.75; US No. 2 soft red winter July 86.50, Aug 87.75, Sept 88.75; French 11½-12 per cent June 143.00; English feed fob Sept 100.00-100.50, Oct-Dec 109.00-109.50, Jan-March 108.00-108.50, April-June 113.00 seller. Maize: US No. 3 yellow/French transhipment East Coast July 159.50. Barley: English feed fob Aug 98.50 seller, Oct-Dec 102.50-103.00, Jan-March 108.50-107.50 buyer/sellers, Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed Barley: E. Mids 102.00; Scotland 100.40. The UK monetary coefficient for the week beginning Monday July 6 (based on HGCA calculations using 4 days exchange rates) is expected to change to 1.243.

US MARKETS

CRUDE OIL was again the motivating force behind the New York markets at least, reports Drexel Burnham Lambert. Early fund buying set the pace, steadying both the crude and the products, joined by local and commission house buying. However, profittaking in the heating oil led to pressure in the crude touching stops across the board, paring gains. The precious metals rallied on early trade and speculative buying, but sold off on profittaking and trade selling, also closing with pared gains. The copper, heavy liquidation in advance of first notice day on July eased prices. Sugar reversed early gains on commission house buying to trade selling touched off stops. In the grains and soyabean complex, weather prospects were again dominant as professionals and commission houses dated. In the soyabean products, lower premiums in Brazil added to weaker prices, while in the corn, lack of export business also contributed. Wheat reacted to weakness elsewhere despite the fact that harvesting continues to be held up by rain. Cattle futures were basically unchanged as traders awaited the cattle inventory report, while in the pork bellies and hogs, nervousness over the forthcoming pig and hog crop reports, and weaker cash prices prompted a marked sell-off.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
July	69.25	70.00	69.50	69.25
August	69.40	70.25		
Sept	69.20	69.80	69.50	69.40
Oct	68.80	68.55	68.55	68.55
Dec	68.10	68.60	—	—
Jan	68.10	68.60	—	—
Feb	—	—	—	—
March	68.10	68.60	—	—
April	—	—	—	—
May	68.10	68.60	—	—
July	68.10	68.60	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1974	1971	1980	1966
Sept	1998	1995	2007	1988
Dec	2035	2026	2039	2016
March	2062	2055	2066	2043
May	2072	2071	2079	2060
July	2090	2085	2072	2072
Sept	2101	2104	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	101.06	101.33	104.60	100.50
Sept	103.34	105.22	106.50	104.00
Dec	107.89	107.89	108.90	107.00
March	110.59	109.80	111.20	110.00
May	112.00	111.50	112.50	112.00
July	113.25	113.10	114.00	113.50
Sept	115.00	114.25	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
July	70.60	71.30	71.30	70.00
August	70.60	71.20	—	—
Sept	70.55	71.00	71.05	70.00
Oct	69.90	70.50	70.00	69.40
Dec	69.40	69.95	69.50	69.00
Jan	69.00	69.55	69.00	69.00
March	68.75	69.25	69.00	68.60
May	68.65	69.15	—	—
July	68.60	69.10	—	—
Sept	68.55	69.05	—	—
Dec	68.45	68.95	—	—
Jan	68.40	68.90	—	—
March	68.35	68.85	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
July	76.20	76.30	76.00	74.05
Oct	72.00	71.95	72.00	71.75
Dec	71.50	71.95	72.05	71.05
March	72.00	71.97	72.00	71.75
May	72.40	72.50	72.50	72.30
July	72.60	72.70	72.60	72.30
Oct	66.90	66.95	66.70	66.70

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
August	20.45	20.38	20.70	20.38
Sept	20.32	19.77	20.43	20.05
Oct	20.10	19.86	20.38	20.03
Nov	20.05	19.86	20.21	19.95
Dec	20.02	19.75	20.21	19.95
Jan	19.95	19.69	20.08	19.95
Feb	19.90	19.65	20.05	19.90
March	19.87	19.65	20.00	19.87
April	19.85	—	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	53.45	52.95	54.00	52.90
August	53.80	53.19	54.05	53.45
Sept	54.65	53.90	55.00	54.40
Oct	55.55	54.87	56.05	55.35
Nov	56.50	55.95	56.95	56.40
Dec	57.00	56.40	57.00	56.90
Jan	—	—	—	—
Feb	—	—	—	—
March	55.90	54.80	55.90	55.90

SPOT PRICES: Chicago loose lard 16.75 (same) cents per pound. New York tin 309-12 (310-12) cents per pound.

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	446.5	447.3	447.4	447.2
August	448.4	450.1	452.4	448.7
Sept	—	—	—	—
Oct	454.7	455.4	458.0	453.0
Dec	460.0	460.7	464.0	458.0
Feb	465.6	466.3	469.0	465.0
April	471.1	471.8	472.5	472.5
June	—	447.6	—	—
Aug	—	483.5	483.0	483.0
Oct	482.8	—	—	—
Dec	488.9	489.6	492.0	482.0
Feb	495.1	495.8	497.5	497.5

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	130.00	131.60	132.10	129.75
Sept	124.70	124.80	125.55	124.20
Nov	120.55	122.65	121.25	120.50
Jan	118.90	119.50	119.00	119.00
March	120.20	120.20		
May	120.20	120.20		
July	120.20	120.20		

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	552.6	552.2	557.0	553.0
August	—	551.8	—	—
Sept	—	—	—	—
Oct	558.6	559.2	565.0	558.0
Jan	564.5	566.2	569.0	567.0
April	573.3	573.9	575.0	573.5
July	580.1	579.8	581.0	581.0
Oct	587.1	587.0	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	710.0	695.5	716.0	696.0
August	714.7	700.0	720.0	717.0
Sept	720.0	705.1	727.0	705.0
Dec	734.7	719.2	741.0	720.0
Jan	739.3	723.7	—	—
March	749.2	733.6	760.0	735.0
May	759.1	743.4	—	—
July	769.1	753.3	769.0	761.0
Sept	779.2	762.7	—	—

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
July	6.60	6.88	6.98	6.59
Sept	6.90	7.11	7.20	6.89
Oct	6.97	7.24	7.23	6.95
Jan	7.18	7.33	—	—
March	7.35	7.67	7.68	7.30
May	7.48	7.80	7.82	7.48
July	7.58	7.91	7.93	7.57
Oct	7.86	8.08	8.09	7.84

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
Aug	63.27	63.05	63.25	63.20
Aug	61.27	61.22	61.50	61.15
Oct	62.52	62.58	62.92	62.37
Dec	64.10	64.17	64.35	64.00
Feb	64.57	65.00	65.15	64.60
April	64.50	64.45	64.60	64.50
Aug	64.30	64.30	64.00	63.40

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
July	56.70	57.15	57.20	56.45
Aug	52.55	53.15	53.40	52.40
Oct	46.05	46.40	46.40	45.82
Dec	44.67	45.05	44.55	44.05
Feb	42.70	43.05	43.00	42.45
April	40.40	40.20	40.50	40.30
June	41.45	42.00	41.50	41.50
July	41.30	41.65	41.45	41.00
Aug	40.15	40.30	40.35	39.95

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
July	178.2	182.2	182.4	178.0
Sept	184.4	187.0	189.0	184.0
Dec	193.4	195.2	197.4	193.0
March	197.2	200.4	200.0	196.4
May	201.2	207.4	204.0	201.2
July	203.2	206.2	205.4	201.4
Sept	205.6	208.2	203.0	203.0

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
July	73.70	76.70	76.10	73.70
Aug	70.50	70.50	73.10	70.50
Feb	59.25	60.25	59.95	59.25
March	58.02	60.02	58.70	58.02
May	60.30	61.30	60.30	60.30

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	534.0	546.0	541.0	533.4
Aug	530.0	540.2	541.0	528.4
Sept	531.0	538.2	535.4	528.4
Nov	538.0	549.0	550.4	540.0
Jan	554.2	558.2	555.0	548.0
March	562.0	568.2	571.0	562.0
May	571.0	575.0	578.0	567.0
July	574.2	580.2	580.0	575.0
Aug	569.0	575.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	170.7	173.1	171.5	167.8
Aug	165.0	172.1	169.5	164.8
Sept	168.7	171.9	169.5	164.0
Oct	167.7	170.5	169.5	165.0
Dec	167.0	172.7	170.5	165.2
Jan	166.9	172.5	170.5	165.0
March	170.0	176.0	171.0	168.5
May	172.2	174.0	171.0	170.0
July	169.5	178.0	171.0	170.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
July	18.21	18.46	18.57	18.13
Aug	18.45	18.63	18.70	18.32
Sept	18.61	18.82	18.88	18.54
Oct	18.86	18.95	19.07	18.77
Dec	16.86	17.01	16.96	16.70
Jan	17.13	17.25	17.30	17.00
March	17.35	17.47	17.50	17.25
May	17.80	17.77	17.70	17.69
July	17.89	18.15	17.88	17.88
Aug	18.00	18.00	18.00	18.00

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	254.4	259.2	259.2	254.0
Sept	258.2	262.4	262.4	258.0
Dec	266.2	269.6	270.2	266.0
March	270.2	275.2	273.0	270.0
May	276.2	278.0	274.0	274.6
July	268.2	272.0	271.0	268.0
Sept	282.0	283.4	282.2	282.0

POTATOES

The market opened £1.40 down in response to heavy drop in earlier quotation plus fine weather materialising. However any stops below £120.00 were easily absorbed and by close the market had recovered virtually all days losses to finish at highs, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	88.70	89.10	89.00
Feb	98.50	97.00	
Apr	135.70	135.70	135.75-124.50
May	135.90	136.00	137.00

Sales: 520 (492) lots of 40 tonnes.

OIL

CRUDE OIL—FOB ($ per barrel)—July	Latest	Change + or −
Arab Light	—	
Arab Heavy	—	
Dubai	17.80-17.40*	+0.10
Brent Blend	19.15-19.25*	
W.T.I. (1pm est)	20.45-20.50*	+0.125
Forcados (Nigeria)	—	
Urals (cif NWE)	—	

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-198	+1
Gas Oil	158-160	+3
Heavy fuel Oil	106-107	+1.5
Naphtha	170-172	+1

* August.
Petroleum Argus estimates

SOYABEAN MEAL

A weak day saw prices retreat under heavy commercial selling reflecting lower cash levels and beneficial rains in America. Nearby prices still remain relatively steady with good consumer interest, reports Muirpace.

	Yesterday's close	+ or −	Business done
	£ per tonne		
August	154.0-154.5	-2.85	156.0-154.5
October	153.0-155.0	-3.25	
Dec	153.0-154.0	-3.10	154.5-154.0
Feb	155.0-157.0	-2.00	
April	155.0-158.0	-2.00	
June	154.0-158.0	-1.00	
August	154.0-158.0	-1.00	

Sales: 292 (241) lots of 20 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.38p per kg lw (−1.80); GB—Sheep 169.48p per kg est dcw (−13.41); GB—Pigs 78.16p per kg lw (−3.13).

TEA

There were 32,612 packages on offer at the London Tea auctions, including 1,600 packages in the offshore section, reports the Tea Brokers Association. There was a much improved demand with the emphasis on better liquoring varieties. Assam CTC's met good competition with colory types often remained generally weak. Best liquoring East Africans were the feature of the sale opening 5 to 10p dearer though closing on a quieter note. Mediums also sold readily gaining 4 to 6p apart from dusts and poor leaf firm but lesser sorts and dusts were sometimes difficult of sale. Ceylons received strong enquiry at dearer rates except for a few plainer lines. Quotations: quality 155 (148); medium 103 (98); low medium 50 (50).

SUGAR

LONDON DAILY PRICE—Raw sugar $176.40 (£111.60), up $8.20 (up £4.80) a tonne for July/August delivery. White sugar $184.50 up $3.50.

No. 6 Con-tract	Yest'rday's close	Previous close	Business done
	$ per tonne		
Aug	161.8-161.6	156.6-156.8	158.8-151.0
Oct	163.2-164.6	159.6-161.0	163.6-158.0
Dec	166.2-166.0	161.4-161.8	166.2-161.6
Mar	171.0-171.2	166.6-167.0	171.0-166.0
May	174.6-176.4	171.8-173.4	171.8-169.0
Aug	176.8-177.4	172.0-174.0	177.2-172.0
Oct	178.0-179.0	174.0-176.0	

Sales 1,173 (3,081) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £216.00 (£211.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for June 26. Daily price 6.48 (6.46); 15-day average 6.46 (6.44).

PARIS—(FFr per tonne): Aug 1122-1126; Oct 1160-1167; Dec 1177-1180; March 1220-1230; May 1250-1265; Aug 1285-1300.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling falls despite Opec

STERLING SUFFERED some surprising downward pressure on the foreign exchanges yesterday. Dealers suggested this illustrated the vulnerability of the pound to any increased demand for the dollar.

The main factors appeared to be in favour of sterling, with ministers from the Organisation of Petroleum Exporting Countries, meeting in Vienna, agreeing to an oil productivity ceiling of 16.6m barrels a day, to hold prices at around $18 per barrel. North Sea oil prices rose above $19.

A forecast by the London Business School, of steady growth in the British economy and inflation falling below 4 per cent, was also encouraging, but failed to boost the pound.

Sterling fell below $1.60 in the Far East, on suggestions that traders in Singapore were sceptical about Opec keeping to its production agreement, and fell to a low of $1.5970 in early London trading.

The pound soon recovered to around $1.60, and remained about that level for the rest of the day, closing 1 cent lower on the day at $1.6005-$1.6015.

Sterling also fell to DM 2.9305 from DM 2.9425; to FFr 9.7775 from FFr 9.8150; to SFr 2.4325 from SFr 2.44; and to Y235 from Y235.60.

On Bank of England figures, the pound's exchange rate index opened 0.4 lower at 71.8, and closed at that level, after touching a low of 71.7.

The dollar finished in Europe around its highest levels of the day, but remained within a narrow trading range, on lack of new *factors. US unemployment figures will be published on Thursday*, ahead of the long holiday weekend in the US for Independence Day, but are not expected to have a strong impact on the dollar.

The next major test may not be until publication of the US May trade figures on July 15.

The dollar rose to DM 1.8305 *from DM 1.8260; to FFr 6.1075 from* FFr 6.0925; to SFr 1.5220 from SFr 1.5145; and to Y146.75 from Y146.25.

According to the Bank of England the dollar's exchange rate index rose to 102.4 from 102.2.

D-MARK—Trading range against the dollar in 1987 is 1.8385 to 1.7690. *May average 1.7887.* Exchange rate index 146.9 against 144.7 six months ago.

The D-Mark was a little weaker against the dollar in Frankfurt, with much of the trading technical. Dealers were uncertain about the immediate direction of the US currency, or when it would break out of its present narrow trading range.

The dollar rose to DM 1.8290 from DM 1.8255 in Frankfurt, after being fixed at DM 1.8280, *compared with DM 1.8257 on Friday.* The West German Bundesbank did not intervene at the fixing.

There was no reaction to news that West Germany's current account surplus widened in May to a provisional DM7.5bn from an upwards revised DM6.1bn in April. The trade surplus rose to DM10.6bn in May from DM8.9bn the previous month.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. *May average 140.55.* Exchange rate index 218.3 against 207.1 six months ago.

The yen was slightly weaker against the dollar in quiet Tokyo trading. The US currency rose to Y146.60 from Y145.90, but there were no new factors to influence the market. Dealers expected the dollar to stay in a narrow trading range, until the release of US trade data around the middle of next month.

Attention tended to switch to sterling, which fell to $1.5990 at the Tokyo close. There was some suggestion of unwinding *long sterling positions* against the D-Mark, and selling of the pound out of Singapore, on doubts Opec would maintain its output ceiling, *intended to hold oil prices around* $18 a barrel.

£ IN NEW YORK

June 29	Latest	Previous Close
£ Spot	1.6275-1.6285	1.6105-1.6115
1 month	0.27-0.24 pm	0.26-0.24 pm
3 months	0.57-0.53 pm	0.75-0.72 pm
12 months	1.20-1.10 pm	2.35-2.25 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		June 29	Previous
8.30	am	71.8	72.3
9.00	am	71.8	72.2
10.00	am	71.8	72.2
11.00	am	71.7	72.2
Noon		71.7	72.3
1.00	pm	71.8	72.3
2.00	pm	71.8	72.2
3.00	pm	71.8	72.2
4.00	pm	71.8	72.2

CURRENCY RATES

June 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.798857	0.707427
U.S. Dollar	5.5	1.27849	1.13330
Canadian $	7.90	*	1.51261
Austrian Sch.	4	16.4260	14.5583
Belgian Franc	7½	48.4535	42.9605
Danish Krone	7	8.88295	7.84809
Deutsche Mark	3.0	2.33708	2.07110
Neth. Guilder	4½	2.62985	2.33165
French Franc	9½	7.79623	6.91199
Italian Lira	11.5	N/A	1501.62
Japanese Yen	2½	187.427	165.898
Norway Krone	8	8.57739	7.59990
Spanish Peseta	—	161.729	143.249
Swedish Krona	7½	8.16444	7.23951
Swiss Franc	3.5	1.94139	1.72035
Greek Drach.	20½	175.370	155.557
Irish Punt	—	N/A	0.773318

*CS/SDR rate for June 29: 1.70679

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.9605	+1.18	+0.76	±1.5344
Danish Krone	7.85212	7.84809	−0.05	−0.47	±1.6404
German D-Mark	2.05853	2.07110	+0.61	+0.19	±1.0981
French Franc	6.90403	6.91199	+0.12	−0.30	±1.3674
Dutch Guilder	2.31943	2.33165	+0.53	+0.11	±1.5012
Irish Punt	0.768411	0.773318	+0.64	+0.22	±1.6684
Italian Lira	1483.58	1501.62	+1.22	+1.22	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

June 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5970-1.6050	1.6005-1.6015	0.30-0.27c pm	2.14	0.81-0.76 pm	1.96
Canada	2.1310-2.1420	2.1345-2.1355	0.20-0.10c pm	0.84	0.48-0.32 pm	0.75
Netherlands	3.29-3.30½	3.29½-3.30½	1½-⅞c pm	4.32	3⅛-2⅞ pm	3.79
Belgium	60.60-60.90	60.70-60.80	19-10c pm	2.86	47-32 pm	2.60
Denmark	11.07-11.15½	11.09½-11.10½	⅛pm-⅝ ore dis	−0.41	1-2 dis	−0.54
Ireland	1.0910-1.0950	1.09-1.10	0.08-0.18 p dis	−1.42	0.20-0.35 dis	−1.00
W. Germany	2.91¼-2.93½	2.92½-2.93½	1⅜-1¼pf pm	5.63	4⅛-3⅞ pm	5.29
Portugal	228.80-230.25	229.45-229.55	70-138c dis	−5.44	302-389 dis	−6.02
Spain	202.20-202.90	202.70-202.80	85-170c dis	−7.55	225-390 dis	−6.07
Italy	2119¼-2127	2122½-2123½	par-4 lire dis	−1.13	3-8 dis	−1.04
Norway	10.73-10.76¾	10.73-10.74	4⅝-5⅛ ore dis	−5.45	13⅝-14⅝ dis	−5.17
France	9.75¼-9.78¾	9.77¼-9.78¼	1-¼ c pm	0.77	1⅛-⅝ pm	0.36
Sweden	10.21½-10.25½	10.22¾-10.23¾	⅜-⅛ ore pm	0.73	1-¼ pm	0.24
Japan	234¼-235½	234½-235½	1⅛-1 y pm	5.74	3⅛-2⅞ pm	5.11
Austria	20.50-20.65	20.65-20.75	par-3 gro dis	−0.87	4-7 dis	−1.06
Switzerland	2.42¼-2.49¼	2.42¼-2.43¼	1⅛-⅞ c pm	5.56	3½-2⅞ pm	5.25

Belgian rate is for convertible francs. Financial franc 60.95-61.05. Six-month forward dollar 1.45-1.40 c pm. 12-month 2.53-2.43c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5970-1.6050	1.6005-1.6015	0.30-0.27c pm	2.14	0.81-0.76 pm	1.96
Ireland†	1.4625-1.4665	1.4630-1.4640	0.41-0.36c pm	3.15	1.15-1.05 pm	3.00
Canada	1.3220-1.3350	1.3330-1.3340	0.20-0.10c dis	−1.35	0.48-0.32dis	−1.20
Netherlands	2.0540-2.0615	2.0605-2.0615	0.37-0.34c pm	2.07	1.00-0.95 pm	1.90
Belgium	37.85-38.00	37.90-38.00	4-1c pm	0.79	9-4 pm	0.49
Denmark	6.90¼-6.96½	6.93¼-6.93½	0.90-1.60ore dis	−2.16	2.90-3.60 dis	−1.87
W. Germany	1.8240-1.8325	1.8300-1.8310	0.56-0.51pf pm	3.51	1.56-1.51pm	3.36
Portugal	143-143¼	143¼-143¾	50-150c dis	−8.38	250-450 dis	−9.78
Spain	126.20-126.75	126.55-126.65	75-175c dis	−11.85	240-340 dis	−9.16
Italy	1323-1326½	1325¾-1326¼	3.40-3.90lire dis	−3.30	10.00-10.50dis	−3.09
Norway	6.69½-6.71¼	6.70¼-6.70¾	4.05-4.55ore dis	−7.64	11.60-12.10dis	−7.07
France	6.09½-6.71¼	6.10½-6.11	0.60-0.65c dis	−1.23	2.20-2.30 dis	−1.48
Sweden	6.09-6.11	6.38½-6.39	0.55-0.85ore dis	−1.31	2.45-2.85 dis	−1.66
Japan	145.90-146.80	146.70-146.80	0.44-0.42y pm	3.52	1.19-1.16 pm	3.21
Austria	12.83¾-12.87¼	12.85¼-12.85¾	4.00-3.00gro pm	3.27	10.00-8.00pm	2.80
Switzerland	1.5155-1.5225	1.5215-1.5225	0.47-0.44c pm	4.60	1.27-1.24 pm	3.31

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.05-38.15

EURO-CURRENCY INTEREST RATES

June 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9¼-9⅜	9⅛-9¼	9⅛-9⅛	9⅛-9¼	9⅛-9⅛	9⅛-9⅛
U.S. Dollar	6⅝-6¾	7⅛-7¼	7-7⅛	7⅛-7⅛	7⅛-7⅜	7⅞-7⅞
Can. Dollar	7⅞-8⅛	8-8¼	8⅛-8⅛	8⅛-8¾	8⅝-8⅝	8⅞-8⅞
D. Guilder	5-5¼	5⅛-5⅛	5⅛-5⅛	5⅞-5⅛	5⅛-5⅛	5⅛-5⅛
Sw. Franc	70-76	2⅞-3	3⅛-3¼	3⅛-3⅞	3⅞-3⅞	3⅞-4
Deutschemark	4⅞-5	3⅛-3¼	3⅛-3¼	3⅞-3⅞	3⅞-3⅞	3⅞-4
Fr. Franc	7⅞-8	7⅞-8	8⅛-8¼	8⅞-8⅞	8⅞-8⅞	9⅛-9⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 8⅛-8⅜ per cent; three years 8⅜-8⅝ per cent; four years 8⅝-8⅞ per cent; five years 8⅞-9⅛ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Pound depresses gilts

GILT PRICES recovered from a weaker start but were still down on opening levels. Sentiment was influenced by sterling's weaker trend. The pound's fall came despite an encouraging report in the UK economy by the London Business School which tended to suggest low inflation and continued growth in industrial production.

However speculators were influenced by sterling's weaker opening and although it showed little change on the day, confidence was sufficiently dented to leave the September gilt price down at 122-13 at the close down from 122-27 at the opening and 123-06 on Friday. News from Opec that production levels would be maintained was also good news but this failed to turn the market around.

Three-month sterling deposits acted in much the same way with the September price opening at 90.77 down from 90.84 on Friday and trading in a narrow range before closing at 90.79.

US Treasury bonds finished lower on the day in quiet trading. The loss of volume was directly related to the lack of incentive in the market. The US dollar showed a modest overall gain but sentiment suggested that the improvement was only likely to be a short-term move. Bearing economic fundamentals were seen as likely to pull the dollar weaker in the mid-term.

The September price opened at 91-10 down from 91-25 on Friday and slipped to a low of 90-22 before coming back to close at 90-19, down from 91-25 on Friday.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

CURRENCY FUTURES

[illegible]

MONEY MARKETS

UK rates firmer

INTEREST RATES were a little higher in London yesterday in reaction to sterling's weaker trend. Economic fundamentals tended to point towards a firmer pound but there seemed to be sufficient selling pressure to push the pound weaker. Consequently interest rates were marketed up in the periods and three month interbank money *finished at 9¼-9⅛* per cent up from 9⅛-9⅛ per cent.

Overnight money touched a high of 9¾ per cent before slipping away to 6 per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England forecast a shortage of £750m with factors *affecting the market* including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £865m and Exchequer transactions a further £230m. These were partly offset by a fall in the note circulation of £360m and banks' balances brought forward £10m above target.

Assistance in the morning came to £53m through outright purchases of eligible bank bills, £27m in band 1 and £26m in band 2 all at 8⅞ per cent.

The forecast was revised to a shortage of around £800m, before taking into account the morning help and the Bank gave additional assistance in the afternoon of £783m though outright purchases of £11m of Treasury bills and £192m of eligible bank bills in band 1 at 8⅞ per cent. In band 2 it bought £2m of local authority bills and *£455m of eligible bank bills* all at 8⅞ per cent. Band 3 help comprised purchases of £48m of Treasury bills, £45m of local authority bills and £22m of eligible bank bills at 8⅞ per cent. Late help came to £60m making a total of £896m.

In Frankfurt call money was quoted sharply higher at 4.75-5 per cent up from 3.6 per cent on Friday. The rise reflected technical demand created by the month end. *Tax payments and the half* year end accelerated the drain on funds although dealers stressed that temporary nature of the shortage mde it unlikely that the Bundesbank would add further reserves.

However it seems likely that commercial banks may have to draw further on their Lombard facility at the fairly penal rate of 5 per cent as pension payments are expected to cause a further out*flow of funds.*

In Paris the Bank of France cut its money market intervention rate to 7½ per cent from 7¾ per cent and also reduced its seven day sale and repurchase rate to 8 per cent from 8¼ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 29) 3 months U.S. dollars | 6 months U.S. dollars

bid 7⅛ | offer 7¼ | bid 7⅜ | offer 7½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	8.25	One month	N/A
Broker loan rate	8	Two month	N/A
Fed. funds	6⅝	Three month	5.87
Fed funds at intervention	6⅝	Six month	6.34
		One year	6.72
		Two year	7.51

June 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.50-4.75m	3.60-3.70	3.60-3.70	3.60-3.75	3.65-3.80	5.0
Paris	7⅞-7⅞	7⅞-8	8-8⅛	8⅛-8⅛	8⅛-8⅛	7⅛
Zurich	⅞-1⅛	3½-3⅞	—	3⅞-3⅞	3⅞-3⅞	—
Amsterdam	5⅛-5⅛	5⅛-5⅛	—	5⅛-5⅛	5⅛-5⅛	—
Tokyo	3.53125	3.59375	—	3.65625	—	—
Milan	10½-11	10⅞-11⅛	—	11-11¼	11⅛-11⅛	—
Brussels	3.75	6½-6⅝	—	6⅝-6⅝	6⅞-6⅞	—
Dublin	10¼-10½	10⅛-10⅞	10⅛-10½	10⅛-10⅛	10⅛-10⅛	—

LONDON MONEY RATES

June 29	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9⅝-6	9⅛-9	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛
Sterling CDs	—	—	9⅛-9	9⅛-9	9⅛-9⅛	9⅛-9⅛
Local Authority Deposits	9	9	9	9	9⅛	—
Local Authority Bonds	—	—	9⅛	9⅛	9⅛	9⅛
Discount M'ket Deposits	9½-8	9⅛	8⅞	9⅛	—	—
Company Deposits	9-8⅞	9⅛-9⅛	9⅛	9⅛	9⅛	—
Finance House Deposits	—	—	9⅛	9⅛	9⅛	—
Treasury Bills (Buy)	—	—	8⅞	8⅞	—	—
Bank Bills (Buy)	—	—	8⅞	8⅞	8⅞	—
Fine Trade Bills (Buy)	—	—	9⅛	9⅛	9⅛	—
Dollar CDs	—	—	7.10-7.05	7.20-7.15	7.35-7.30	7.70-7.65
SDR Linked Deposits	—	—	6⅛-5⅞	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
ECU Linked Deposits	—	—	6⅞-6⅞	6⅞-6⅞	6⅞-6⅞	7⅛-6⅞

Treasury Bills (sell); one-month 8⅞ per cent, three-months 8⅞ per cent. Bank Bills (sell); one-month 8⅞ per cent; three months 8⅞ per cent. Treasury Bills, Average tender rate of discount 8.7617 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987. Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8⅞ per cent; one-three months 8⅞ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9⅛ per cent. Under £100,000 8 per cent from June 24. Deposits withdrawn for cash 5 per cent.

Contracts & Tenders

IMO STATE AGRICULTURAL DEVELOPMENT PROJECT
INVITATION FOR BIDS (IFB)
DATE OF ISSUE: 30th June 1987
LOAN No. 2723

[illegible]

4. A complete set of Bidding Documents may be purchased on submission of a written application to any of the above addresses together with payment of a non-refundable fee of US$150.00 or N500.00 if purchased in Nigeria. Bidding documents will be available at the addresses indicated in paragraph 3 above as from Tuesday, 30th June 1987.

5. All Bids must be accompanied by a bid security to cover 5% of the total bid price as prescribed in Clause 15 Section II Instructions to Bidders. Cash receipt(s) for the purchase of Bidding Documents should be attached to the Bid.

6. Completed Bids together with all attachments and enclosures duly sealed must be delivered at the office of:

THE PROJECT MANAGER
IMO STATE AGRICULTURAL DEVELOPMENT PROJECT
OKIGWE ROAD SECRETARIAT
P.O. BOX 1977
OWERRI, IMO STATE
NIGERIA

ON OR BEFORE 12.00 HRS WEDNESDAY, 30th September, 1987.
Bids will be opened in public at the Project Manager's Office.

Company Notice

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No: 01/05309/06

NOTICE TO MEMBERS

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventeenth annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, on Thursday, August 20 1987, at 10h00, for the following business:

1. To receive and consider the annual financial statements for the year ended March 31 1987.
2. To elect directors in accordance with the provisions of the Corporation's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions, namely:
   (i) "That the directors be and they hereby are authorised to allot and issue:
   (a) all or any portion of the 49 650 000 unissued redeemable cumulative preference shares of 2.5 cents each in the capital of the Corporation and,
   (b) after providing for the allotment and issue of the B ordinary shares in terms of the share incentive scheme, all or any portion of the remaining unissued ordinary shares and B ordinary shares of 10 cents each in the capital of the Corporation, at such time or times to such person or persons, company or companies, and upon such terms and conditions as they may determine."
   (ii) "That the directors be and they hereby are authorised to make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:
   (a) any shares in the Corporation, or shares or rights to shares held by the Corporation in any other company, offered by way of rights issues but not taken up by the persons entitled thereto, and
   (b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on the Johannesburg and/or London stock exchanges in the period during which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the Corporation. This authority shall remain in force until rescinded or amended by the shareholders in general meeting."

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

By order of the board
C L MALTBY, Secretary

Registered Office
44 Main Street
Johannesburg 2001

June 29 1987

Note: There are no service contracts granted by the Corporation, or any of its subsidiaries, to any director or alternate director of the Corporation, which The Stock Exchange in London requires to be made available for inspection.
Note: Holders of share warrants to bearer may obtain a copy of the annual report and accounts upon application to 40 Holborn Viaduct, London EC1P 1AJ.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on June 29, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	CURRENCY	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JUNE 26 1987					THURSDAY JUNE 25 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	132.40	+0.1	121.85	122.45	3.23	132.29	121.63	122.17	140.95	99.92	83.84
Austria (16)	85.94	+0.0	79.09	81.43	2.31	85.92	79.00	81.50	101.62	85.71	85.61
Belgium (47)	121.39	+0.3	111.71	113.45	4.20	120.97	111.23	113.21	123.62	96.19	79.85
Canada (127)	127.86	+0.3	117.67	123.37	2.36	127.44	117.17	122.73	136.17	100.00	98.55
Denmark (39)	118.29	-0.6	108.86	110.84	2.50	118.95	109.36	111.26	124.10	98.18	93.92
France (122)	106.33	+1.4	97.85	101.61	2.73	104.87	96.42	100.35	121.82	98.39	82.60
West Germany (90)	97.21	+0.6	89.46	92.28	2.02	96.60	88.81	91.80	100.33	84.00	82.75
Hong Kong (45)	119.88	+0.1	110.32	120.16	2.86	119.70	110.06	119.98	121.30	96.89	71.25
Ireland (14)	130.44	+0.5	120.04	125.21	3.57	129.76	119.30	124.76	131.86	99.50	87.82
Italy (76)	99.39	-0.1	91.46	98.20	1.85	99.52	91.50	98.26	112.11	94.76	80.02
Japan (458)	147.21	-0.2	135.48	136.09	0.50	147.54	135.65	136.44	161.28	100.00	80.38
Malaysia (36)	171.30	+0.1	157.65	166.21	2.28	171.11	157.32	166.25	172.55	98.24	87.25
Mexico (14)	250.85	+0.6	230.85	366.56	0.60	249.28	229.19	363.71	268.91	99.72	51.34
Netherland (38)	121.88	+0.6	112.17	114.20	3.86	121.14	111.38	113.84	121.88	99.65	90.07
New Zealand (27)	98.47	-0.2	90.62	88.29	3.07	98.63	90.68	89.19	100.59	83.93	73.59
Norway (24)	137.53	+0.2	126.57	124.84	2.01	137.26	126.20	124.78	140.05	100.00	100.73
Singapore (27)	145.88	+0.2	134.25	142.52	1.73	145.61	133.88	142.29	145.88	99.29	78.18
South Africa (61)	157.12	+0.2	144.59	116.45	3.54	156.80	144.17	116.21	186.74	100.00	78.04
Spain (43)	122.96	+1.2	113.15	117.60	3.34	121.54	111.75	116.38	122.96	100.00	81.66
Sweden (33)	113.74	+0.4	104.67	107.26	2.16	113.30	104.17	107.01	124.68	90.85	89.39
Switzerland (51)	99.28	+0.7	91.37	93.22	1.83	98.58	90.63	92.80	104.06	92.01	84.02
United Kingdom (335)	148.20	+0.6	136.39	136.39	3.14	147.32	135.45	135.45	151.46	99.65	100.86
USA (592)	125.70	-0.5	115.68	125.70	2.88	126.40	116.21	126.40	126.68	100.00	104.31
Europe (928)	121.59	+0.6	111.89	114.09	2.81	120.84	111.11	113.42	121.71	99.78	90.01
Pacific Basin (687)	145.62	-0.2	134.01	134.91	0.66	145.91	134.16	135.23	158.64	100.00	80.24
Euro-Pacific (1615)	136.06	+0.1	125.21	126.60	1.43	135.94	124.98	126.52	143.34	100.00	84.10
North America (719)	125.82	-0.5	115.79	125.60	2.85	126.45	116.26	126.22	126.70	100.00	104.01
World Ex. US (1817)	136.06	+0.1	125.22	131.34	1.49	135.93	124.98	131.24	143.09	100.00	84.51
World Ex. UK (2074)	130.40	-0.2	120.00	125.35	1.88	130.69	120.16	125.66	133.55	100.00	91.47
World Ex. So. Af. (2348)	131.83	-0.1	121.32	126.42	1.99	132.02	121.38	126.62	134.83	100.00	92.35
World Ex. Japan (1951)	124.76	-0.1	114.81	121.53	2.85	124.88	114.82	121.65	124.88	100.00	97.95
The World Index (2409)	131.99	-0.1	121.47	126.37	2.00	132.17	121.53	126.56	134.97	100.00	92.27

Base values: Dec 31, 1986 = 100
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CONSTITUENT CHANGE: Ryan Homes has been deleted (US)
Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$440	121	20.50	87	34	—	—	$450
GOLD C	$480	110	4.50	12	18	45	25	"
GOLD P	$420	60	3.50	23	8.50	—	—	"
GOLD P	$440	68	8.50	177	14.50	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	20	70	3	100	—	—	$715
SILVER C	$800	3	40	10	70	—	—	"
		Jul 87		Aug 87		Sep 87		
$/FL C	FL195	5	10.90	—	—	—	—	FL206.05
$/FL C	FL200	5	5.50	—	—	—	—	"
$FL C	FL205	19	2.10	100	3	1232	4.40	"
$FL C	FL210	—	—	2470	1.20	17	1.80	"
$FL P	FL205	3	1.70	302	3.30	2	4.50A	"
		Dec 87		Mch 88		Jan 88		
$/FI C	FL190	—	—	1490	16.20	—	—	FL206.05
$/FI C	FL200	5	8.30	—	—	—	—	"
$/FI C	FL205	12	6	58	7.20	—	—	"
$/FI C	FL210	31	3.90	—	—	—	—	"
$/FI C	FL215	—	—	3	3.60	—	—	"
$/FI P	FL195	—	—	1	4.30	—	—	"
$/FI P	FL200	28	4.80	1	6.20	—	—	"
$/FI P	FL205	1480	7.80	—	—	—	—	"

		July 87 Vol.	July 87 Last	Oct 87 Vol.	Oct 87 Last	Jan 88 Vol.	Jan 88 Last	
ABN C	FL500	467	3.60	231	14	22	22	FL493
ABN P	FL460	17	0.60	105	9	60	7.80	"
AEGON C	FL95	272	3	107	5.10	19	7.80	FL95.80
AEGON P	FL90	42	0.60	234	2.40	6	2.60B	"
AHOLD C	FL100	991	5.50	13	7.10	—	—	FL104.20
AHOLD P	FL100	147	1.30	4	4	—	—	"
AHOLD C	FL100	131	5.50	—	—	—	—	"
AHOLD P	FL90.90	40	0.40	—	—	—	—	"
AKZO C	FL150	1683	7.40	908	12.50	161	15.40	FL155.60
AKZO P	FL140	65	0.20	492	1.70	64	3.70	"
AMEV C	FL70	214	0.40	32	2	16	3.30	FL43.50
AMEV P	FL65	28	1	61	3.10	5	4.50	"
AMRO C	FL80	698	1.30	488	3.80	79	5.50A	FL78.80
AMRO P	FL80	112	2	288	4.50	13	4.60	"
ELSEVIER C	FL52	359	2.90	224	3.80	—	—	FL53.50
ELSEVIER P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GIST-BROC. C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GIST-BROC. P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
HEINEKEN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEINEKEN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
HOOGOVENS C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOGOVENS P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NEDLLOYD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDLLOYD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NAT.NED. C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT.NED. P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
PHILIPS C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHILIPS P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ROYAL DUTCH C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROYAL DUTCH P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ROBECO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNILEVER C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNILEVER P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"

TOTAL VOLUME IN CONTRACTS: 56,946
A=Ask B=Bid C=Call P=Put

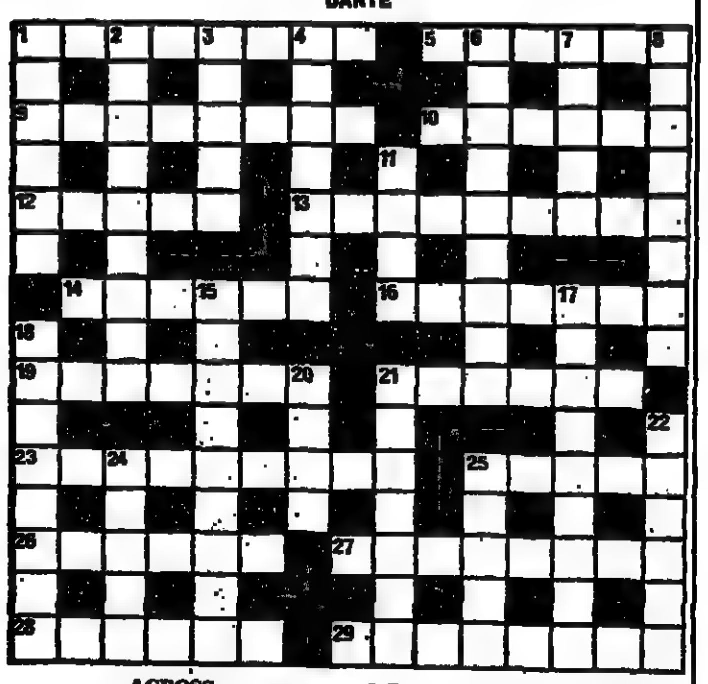
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank. Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Beachcroft Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
Cl. Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sawevise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,365

DANTE



ACROSS
1 Lies self-injured, *seeming* dead (8)
5 Lyrical writer gets the twitch (6)
9 Comprehensive description of The Three Blind Mice? (8)
10 Key batsman? (6)
12 Character of those who are different (5)
13 French private (5, 4)
14 Trade organisation about to start *striking reach* agreement (6)
16 Obviously no friend of the soil (7)
19 Goes into new recipes (7)
21 Copper band used for healing (6)
23 District where great fear holds it to your head (9)
25 Come out with me again and have a drink (5)
26 *Little* creature of high birth (6)
27 Indoor transport (8)
28 Had a lean time? (6)
29 It may be read twice with an expression of dismay (4, 4)

DOWN
1 Defect in the hose firemen use (6)
2 Yet it may mean a slender hope (3, 6)
3 Their girders are primed (5)
4 A spot of illicit drinking (7)
6 Prospero's perverted tyrant (9)
7 Dance having beat and vigour (5)
8 Give a name to the new issue (8)
11 Produce a work of art *from* scratch (4)
15 It's sinful the silly way Grace lies (9)
17 In no way, one says, could this be to blame (9)
18 Side path turning into Portsmouth's main road (8)
20 Indicate who's wrong (4)
21 Foreign money invested in sugar crop and pepper (7)
22 Rush to find a vocation (6)
24 Atypical rascal (5)
25 It provides seedless apples for cooking (5)

Solution to Puzzle No. 6,364

E	N	G	A	G	E	D	#	C	A	S	T	O	F	F
X	#	G	#	R	#	E	#	A	#	T	#	A	#	I
P	E	R	S	E	#	B	A	D	M	I	N	T	O	N
O	#	M	#	T	#	A	#	G	#	L	#	H	#	G
S	E	A	B	A	T	T	L	E	#	E	A	S	E	L
E	#	N	#	#	#	A	#	#	#	T	#	#	#	E
R	E	D	A	N	#	B	R	E	A	T	H	I	N	G
#	#	E	#	O	#	L	#	A	#	O	#	N	#	#
S	T	R	A	N	G	E	R	S	#	S	A	T	Y	R
T	#	#	#	P	#	#	#	Y	#	#	#	H	#	E
E	X	T	R	A	#	E	X	T	R	O	V	E	R	T
P	#	K	#	E	#	N	#	E	#	N	#	O	#	R
P	R	O	T	E	S	T	E	R	#	S	U	P	P	E
E	#	U	#	I	#	E	#	H	#	E	#	E	#	A
S	E	T	T	L	E	R	#	S	A	T	I	N	E	T

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01 280 2060

American Growth	108.9	115.2	-0.4	0.61
(Accum Units)	114.1	120.7	-0.4	0.61
British Blue Chip Fund	51.8	54.8	-0.1	2.27
(Accum Units)	51.8	54.8	-0.1	2.27
American Sm Cos Fd	52.6	55.6	+0.6	0.44
(Accum Units)	52.6	55.6	+0.6	0.44
American Income	52.3	55.3		3.30
(Accum Units)	57.0	60.3		3.30
European Growth	142.6	150.9	+1.6	0.72
(Accum Units)	147.7	156.2	+1.7	0.72
European Income	79.7	84.3xd	+0.4	3.62
(Accum Units)	83.6	88.4	+0.4	3.62
General	365.7	386.9	+2.6	1.95
(Accum Units)	607.3	642.6	+4.3	1.95
Gilt	88.7	89.1xd	-0.7	7.49
(Accum Units)	105.5	106.0xd	-0.8	7.48
Global Fund	49.4	52.2	-0.4	0.68
(Accum Units)	49.4	52.2	-0.4	0.68
High Interest Fund	47.3	50.0xd	-0.3	8.91
(Accum Units)	47.7	50.4	-0.4	8.92
High Income Fund	52.2	55.2	+0.3	4.81
(Accum Units)	52.7	55.7	+0.3	4.81
Income	120.3	127.3xd	+0.9	3.58
(Accum Units)	138.0	146.0xd	+1.1	3.58
International	298.0	315.3xd	-1.8	1.20
(Accum Units)	372.9	394.5xd	-2.3	1.20
Japan	213.3	225.7	-6.2	0.55
(Accum Units)	219.0	231.7	-6.3	0.55
Pacific Fd	52.9	55.9xd	+0.6	0.10
(Accum Units)	52.9	55.9xd	+0.6	0.10
Recovery	304.8	322.5	+0.9	2.10
(Accum Units)	331.5	350.7	+1.0	2.10
UK Smaller Co's Fd	52.0	55.0	+0.3	1.83
(Accum Units)	52.0	55.0	+0.3	1.83
Exempt May 27	348.1	357.0	–	2.23
(Accum Units)	545.3	559.2	–	2.23

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45164

UK Income Fund	60.9	64.7	-0.1	4.64
Accum Units	60.9	64.7	-0.1	4.64
UK Growth Fund Acc	62.5	66.0	-0.0	1.51
Global Income Fund	49.6	52.7	-0.3	3.80
Accum Units	49.6	52.7	-0.3	3.80
Global Growth Fund	46.1	49.1	-0.4	0.51

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Sales Line 0800 010345

Holborn Comm Tst	78.6	83.7	+0.3	0.37
Holborn Equity Income	70.9	75.0xd	+0.8	1.43
Holborn Equity Tst	567.5	616.3	+3.5	2.19
Holborn European Tst	110.2	117.9xd	+1.4	0.67
Holborn Gilt Tst	214.9	229.8	-2.0	2.13
Holborn High Inc Tst	66.0	95.9xd	-0.0	4.75
Holborn Intl Grth Tst	117.1	125.2	+0.1	0.7
Holborn Japanese Tst	137.5	145.2	-2.5	0.04
Holborn N. Amer. Tst	92.6	97.9xd	-0.3	0.49
Holborn Sm Cos Tst	76.4	80.8	+1.0	1.44
Holborn Spec Sits Tst	99.9	105.7xd	+0.8	1.38
Holborn UK Growth Tst	115.3	122.0	+0.1	1.53

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen Fd	659.1	692.5	+8.3	1.57
Quadrant Income	332.9	352.3	+3.3	4.07
Quadrant Intl Fund	449.0	475.2	+7.4	1.05
Quadrant Spec. Sits	428.2	453.2	+7.4	1.45

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	240.0	255.2	+1.8	2.25
Reliance Unit Tst (Inc)	164.6	175.0	+1.7	1.85
Reliance Ut Tst (Acc)	221.5	235.5	+2.3	1.85

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	50.1	52.7	+0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	329.5	345.2	+1.0	0.00
NC America (Acc)	354.3	376.9	+1.4	.80
NC Inc Fd.	125.7	133.7	+1.0	2.81
NC Japan Fd.	201.8	214.6	+3.4	–
NC Major UK Cos Fd	71.7	76.2xd	+0.1	1.56
NC Smllr Australasian	89.1	94.7	+1.4	.48
NC Smllr Canadian CoFd	48.6	51.7	+0.3	0.98
NC Smaller Cos.	231.5	246.2	+1.9	.93
NC Smaller European	192.6	204.8	+1.0	.46
NC Prop.*	155.1	169.5		1.03

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham

Sun Life of Canada Unit Mgrs Ltd
Basingview, Basingstoke, Hants

Sun Life Trust Mngmt. Ltd
101, Cannon St, London EC4

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Pension Fund Prices

Managed Init.	326.1			
Do. Accum.	398.3			
Property Init.	342.9			
Do. Accum.	296.5			
Equity Init.	423.2			
Do. Accum.	516.0			
Gilt-Edged Init.	235.0			
Do. Accum.	287.4			
Guaranteed Init.	157.5			
Do. Accum.	192.8			
International Init.	517.8			
Do. Accum.	631.8			
Index Lk. Gilt Init.	137.3			
Do. Accum.	167.6			

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	299.8		+0.3	—
Property Pens.	394.7		+0.5	—
Equity	197.1		+1.1	—
Equity Pens.	902.7		+6.5	—
Money Market	311.9		-1.4	—
Money Mkt. Pens.	557.4		-2.5	—
Deposit	236.0		+0.0	—
Deposit Pens.	374.9		+0.0	—
Managed	290.4		+0.9	—
Managed Pens.	561.3		+2.6	—
Intl. Equity	340.9		+1.0	—
Do. Pens.	549.7		+2.5	—
Intl. Managed	313.9		+1.0	—
Do. Pens.	466.3		+2.3	—
North American	130.0		+0.3	—
Do. Pens.	149.8		+0.4	—
Far East	292.5		-0.5	—
Do. Pens.	424.0		-0.6	—
Intl. Currency	174.5		+0.0	—
Do. Pens.	228.2		+0.0	—
Index Linked	128.8		+0.3	—
S & C Managed Fd	143.1		+0.3	—
S & C Pens Mngd Fd	117.0		+0.4	—
Trustlink Life Funds				
Per Worldwide Rec.	160.7		+4.0	—
Per Far East Growth	189.3		-2.4	—
Per Intl Growth	152.5		+0.7	—
Per Income	166.9		+1.2	—
Per Emerging Co's	158.8		+1.5	—
Per American Growth	145.9		+1.1	—
Per European Growth	122.4		+0.5	—
Fra American & Gen	121.4		+0.1	—
Fra Capital	173.3		+0.4	—
Fra Income	179.3		+0.9	—
Fra Intl Growth	136.9		+1.3	—
Fra Japan & Gen	177.0		-1.3	—
Fra Recovery	188.8		+0.4	—
Fra Convertible & Gilt	142.8		+0.4	—
Fra European	127.8		+0.3	—
GAR American	128.6		+0.1	—
GAR European	152.8		+0.3	—
GAR Far Eastern	183.5		+0.0	—
GAR British	181.9		+1.3	—
GAR Global	167.4		+1.6	—
GAR Special Situations	193.5		+1.2	—
GAR Smaller Co's	210.6		+0.9	—
GAR Australian	255.0		-1.0	—
HEN Managed	173.1		+0.5	—
HEN UK Growth	180.0		+0.7	—
HEN UK Income	177.7		+2.5	—
HEN American	127.8		+0.8	—
HEN Far East	182.1		-0.1	—
HEN European	168.4		-0.4	—
HEN Prime Res Prop	104.1		+0.0	—
TSB American	139.5		+0.4	—
TSB General	176.9		+1.1	—
TSB Managed	158.0		+0.7	—
TSB Pacific	185.6		+0.1	—
TSB Selected Opp.	176.7		+0.5	—
FID American	116.1		-0.4	—
FID Japan	119.6		+0.2	—
FID European	122.2		+0.3	—
FID UK	140.0		+0.5	—
FID Pacific	141.8		+0.0	—
FID Intl Managed	128.6		+0.0	—
FID Int. Income	120.0		+0.0	—
FID Intl Spec Sits	141.2		+0.3	—

Municipal Life Assurance Ltd

[illegible]

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.2	60.3	+0.1	
Stock Market Unit Fund	58.9	62.0	+0.1	
Equity Fund	64.2	67.6	+0.2	
International Fund	54.8	57.7		
European Fund	56.8	59.8	+0.5	
North American Fund	51.0	53.7	+0.2	
Pacific Fund	64.4	67.8	-1.1	
Property Fund	50.6	53.3	+0.1	
Fixed Interest Funds	49.9	52.6	-0.7	
Index linked Sec Fund	45.9	48.4	-0.1	—
Deposit Fund	50.7	53.4	+0.1	—
NUAM Retirement Plans				
Mixed Fund	61.1	64.4	+0.3	
UK Ordinary Share	72.7	76.6	+0.6	—
International Fund	56.7	59.7	+0.2	—
Property Fund	51.5	54.3	—	—
Fixed Interest Fund	52.1	54.9	+0.2	—
Index Linked Sec Fund	46.0	48.5	+0.2	—
Deposit Fund	52.4	55.2	—	—
NUAM (NF)				
Managed Fund	782.9	823.7	+0.8	—
Equity Fund	1706.6	1796.5	+6.6	—
Property Fund	314.4	331.0	+0.1	—
Fixed Interest Fund	368.0	387.4	-5.1	—
Deposit Fund	206.7	217.6	+0.2	—
International Fund	142.1	149.6	+0.1	—
Index Linked Sec Fund	46.0	48.5	—	—

Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor* & Unit-Linked Plan*				
Fixed Interest Fund	259.6	273.2	—	—
Index-Linked Sec Fund	131.3	138.2	—	—
Ordinary Share Fund	520.8	548.2	—	—
International Fund	145.3	152.9	—	—
Property Fund	160.6	169.0	—	—
Deposit Fund	164.2	172.8	—	—
Mixed Fund	337.6	355.3	—	—
Norwich Units May 15		472.9		

*Prices as at June 2.

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	145.6	153.3	+0.3	—
Prop. Acc. (Gross) (z)	228.0	240.0	+0.9	—
Equity (Gross) (z)	756.9	796.8	-3.0	—
Managed (Gross) (z)	509.3	536.2	-1.4	—
Prop. Acc. (Net) (z)	105.0	110.6	+0.2	—
Equity (Net) (z)	160.4	168.9	-0.5	—
Managed (Net) (z)	146.0	153.7	-0.4	—
Internat'nal (net) (z)	140.4	153.7	-0.4	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1) (z)	484.5	510.1	+3.0	—
Ret Man (Series 2) (z)	164.3	173.0	+1.0	—
Ret Cash (z)	113.3	119.0	+0.1	—

Phoenix Assurance Co Ltd

Phoenix House, Redcliff Hill, Bristol 0272 290940

Life Assurance Funds				
Wealth Assur.	437.5	460.6	+0.5	—
Eb'r Ph. Eq.	393.3	416.7	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	200.3	210.8	-0.1	—
International Acc.	158.0	166.3	-0.6	—
Property Acc.	110.8	116.6	+0.4	—
Fixed Interest Acc.	144.9	152.3	-0.9	—
Money Acc.	123.0	129.4	+0.1	—
Bldg. Soc. Link Acc.	125.2	131.7	+0.1	—
Special Mnged. Acc.()	169.1	178.0	-0.0	—
Phoenix/Framlington				
Intnl. Growth Acc.	115.8	121.8	-0.2	—
Amer. & Gen. Acc.	110.0	115.7	+0.2	—
Capital Tst Acc.	210.2	221.2	+0.8	—
Japan & Gen Acc.	186.3	196.1	-2.2	—
American Turn. Acc.	104.9	110.4	+0.1	—
Recovery Tst. Acc.	210.8	221.8	+0.8	—
Special Mngd Acc.	162.9	171.4	+0.2	—
Phoenix/GT				
International Acc.	163.0	171.5	-0.1	—
US & General Acc.	117.3	123.4	-0.4	—

Provincial Life Assurance Co Ltd(z)

[illegible]

The Norminster Group

71, London Rd, Peterborough, PE2 9BB 0733 42200

Mngd. Scot Mnt.	135.2	142.4	—	—
Pen. Scot. Mnt.	125.4	132.0	—	—
Man-Schroder	118.7	124.9	-0.1	—
Pen Man-Schroder	136.6	131.2	-0.3	—
Man. Target	138.6	146.2	+0.4	—
Pen. Man. Target	68.4	72.1	+0.1	—
Man Scot Eqdr	99.0	104.2	—	—

O'Halloran & Co/Countrywide

c/o 41, Broadway, Peterborough, PE1 1SJ 0733 44830

Managed Fd	139.0	146.4	—	—

PBR Fund Management Ltd.

14ba Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	155.8	163.7	—	
Flexi Pension Bond	150.1	157.7	—	—
Managed Bond		116.7	—	—
Managed Pension		123.1	—	—

The Porchester Group

91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds				
Albany (z)	128.70	135.40	+0.3	—
Cornhill (z)	111.50	117.50	—	—
Irish Life (z)	130.90	137.90	—	—
Royal Heritage (z)	112.20	118.20	—	—
Schroder (z)	107.20	112.80	-0.5	—
Skandia (z)	128.0	134.70	—	—
Target (z)	132.90	139.90	+0.4	—
Trident (z)	130.30	137.20	+0.3	—
Porchester Managed Pension Funds				
Albany (z)	145.40	153.0	+0.5	—
Schroder (z)	106.00	111.50	-0.8	—
Skandia (z)	138.90	146.20	—	—
Target (z)	130.60	137.50	+0.3	—

Managed by Porchester Securities Limited

Roxborough Financial Services Plc

5-11 Fetter Lane, London, EC4A 1PH. 01-353 4040

Managed Fd (MI)		114.5	+0.0	—
Pension Managed (MI)		103.8	+0.1	—
Multi-Trust Fund (SK)	99.2	104.4	+0.3	—

Bridge Management Ltd

GPO Box 590, Hong Kong

N'bridi Jun 16	76420.00	6590.00	+210	—
Nippon Fund Jun 24	591.00	95.04	-8.08	0.12

Bridge Singapore Asset Mngmnt Ltd

GPO Box 590, Hong Kong. 5-8435774

S & Mly T	$11.89	12.44	—	10.85

Brown Shipley Fund Mgmt (CI) Ltd

PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd&bX Daily	£11.64	12.12	-0.11	8.99
Sterling Cap (Daily)	£23.34	23.34		—
Intl. Bond (Daily)	$15.93	16.85	-0.09	3.56
Int Currency (Wed)	$1.41	1.49	—	2.38

Butterfield Management Co Ltd

PO Box 195, Hamilton, Bermuda (809-29) 51111

Buttress Capital		$15.44	—	—
Buttress Equity Acc.	$7.78	8.12	—	—
Buttress Inc Acc.	$4.74	4.90	—	—

CAL Investments (IoM) Ltd

16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	57.0	60.0	—	—

*Dealings Monday. **Dealings daily

CMI Financial Mngmt Services Ltd

Clerical Medical Hse, Douglas, Isle of Man. 0624 25599

Safeguard Portfolio	95.3	100.4	—	—
Growth Portfolio	95.1	100.2	—	—
Enterprise Portfolio	94.0	99.0	—	—

CRC Asset Management Limited

PO Box 208, St Peter Port, Guernsey 0481 26268

CRC Balanced Growth Fund—May 21				
Far East Class	$19.42	20.39	—	—
International Class	$13.16	13.78	—	—

Capital International

43 Boulevard Royal, Luxembourg

Capital Int. Fund		80.92	—	—

Cater Allen Investment Management (CI)

29a Broad St, St Helier, Jersey, CI 0534 78998

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100⅝	Treas. 12pc 1987	100⅞	–⅛	11.90	9.07
99¼	97⅞	Treas 7¼pc 1985-88‡‡	99⅜xd	–⅛	7.78	8.43
102¼	99⅞	Exch 10½pc '88	101⅛	–⅛	10.39	9.17
101⅞	98⅞	Treas 9¾pc Cv '88	100⅝	–⅛	9.71	9.19
96⅞	93¼	Transport 3pc '78-88	96⅞xd	–⅛	3.10	6.35
101⅞	98⅞	Treas. 9½pc '88	100¼	–⅛	9.47	9.22
105⅞	101⅞	Treas 11½pc 1989	103⅞	–⅛	11.13	9.23
102⅞	97⅞	Treas 9½pc Cnv 1989	100⅞	–⅛	9.45	9.16
94⅞	89⅞	Treas 3pc 1989	93⅞	–⅛	3.20	6.62
104⅞	99⅞	Treas 10½pc 1989	102⅞	–⅛	10.28	9.25
103⅞	98⅞	Exch.10pc 1989	101⅞xd	–⅛	9.86	9.24
105¼	100⅞	Exch 11pc 1989	103⅞	–⅛	10.64	9.24
95⅞	89⅞	Treas 5pc 1986-89	94¼	–⅛	5.28	7.57
108⅞	100¼	Exch 10¼pcCv '89	104	–⅛	9.89	8.51
111⅞	105⅞	Treas 13pc 1990‡‡	108½xd	–⅛	11.98	9.15
106½	100⅞	Exch 11pc 1990‡‡	103⅞	–⅛	10.59	9.28
110⅞	104⅞	Exch. 12½pc 1990	107⅞	–⅛	11.62	9.27
91⅞	84⅞	Treas. 3pc 1990	90⅞	–⅛	3.32	6.28
100⅞	93⅞	Treas 8¼pc 1987-90‡‡	99⅞	–⅛	8.29	8.41
105	97⅞	Treas. 10pcCv 1990	101⅞	–⅛	9.81	9.30
89⅞	81⅞	Exch 2½pc 1990	87⅞	–⅛	2.84	6.44
110⅞	103¼	Treas 11¾pc 1991	107⅞xd	–⅛	10.95	9.26
95⅞	87¼	Funding 5¾pc '87-91‡‡	93	–⅛	6.19	7.72
89⅞	80¼	Treas. 3pc 1991	87⅞	–⅛	3.43	6.70
110⅞	100⅞	Treas 10pc Cv '91 ‡‡	104⅞xd	–¼	9.57	8.65
109⅞	101⅞	Exch. 11pc 1991	106	–⅛	10.37	9.25
116⅞	108⅞	Treas 12¾pc 1992‡‡	112⅞xd	–⅛	11.32	9.27
106⅞	97⅞	Treas 10pc 1992	102⅞	–⅛	9.73	9.25
99⅞	95⅞	Treas. 8pc 1992 ‡‡	95⅞	–⅛	8.15	8.47
108⅞	99⅞	Treas 10½pc Cv 1992‡‡	104⅞	–⅛	10.02	9.23
		Five to Fifteen Years				
115⅞	106½	Exch. 12¼pc '92	111½	–⅛	10.98	9.37
121⅞	111⅞	Exch 13½pc 1992	116⅞	–⅛	11.58	9.37
107⅞	97⅞	Treas 10pc 1993‡‡	103¼	–⅛	9.68	9.24
118⅞	108⅞	Treas 12½pc 1993‡‡	114⅞xd	–½	10.92	9.31
95⅞	82¼	Funding 6pc 1993‡‡	92	–⅛	6.53	7.66
125⅞	114⅞	Treas 13¾pc 1993‡‡	120⅞	–½	11.40	9.37
129⅞	119⅞	Treas 14½pc 1994‡‡	125⅞	–½	11.61	9.37
124⅞	113⅞	Exch 13½pc 1994 ‡‡	119⅞	–⅛	11.26	9.46
107⅞	97⅞	Treas. 10pc Ln. 1994	103⅞	–⅛	9.64	9.29
120⅞	109⅞	Exch. 12½pc 1994	115½	–⅛	10.82	9.45
103¼	92⅞	Treas 9pc 1994‡‡	99⅞	–⅛	9.07	9.14
118¼	107⅞	Treas 12pc 1995	113½xd	–⅛	10.57	9.44
8C⅞	76	Exch 3pc Gas 90-95	80⅞	–⅛	3.71	6.10

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or –	(1)	(2)
		Index-Linked	(b)				
131⅞	125⅞	Treas. 2pc '88	(297.1)	130⅞	+⅛	—	2.68
117¼	108⅞	Do. 2pc '90	(333.9)	116⅞xd	+⅛	1.06	2.33
99⅞	93⅞	Do. 2pc '92‡‡	(385.8)	97⅞	+⅛	2.27	2.86
128⅞	119⅞	Do. 2pc '96	(267.9)	125⅞	–⅛	3.36	3.81
111⅞	101⅞	Do 2½pc '01	(308.8)	104⅞	–⅛	3.70	4.13
110	100⅞	Do. 2½pc '03	(310.7)	102⅞	–⅛	3.56	4.08
113⅞	103⅞	Do. 2pc '06	(274.1)	105⅞xd	–⅛	3.54	3.97
108	98⅞	Do. 2½pc '09	(310.7)	100⅞	–⅛	3.54	3.88
113⅞	103⅞	Do. 2½pc '11	(294.1)	105⅞	–⅛	3.58	3.82
95⅞	86⅞	Do. 2½pc '13	(351.9)	88⅞	....	3.51	3.75
103⅞	94	Do. 2½pc '16	(322.0)	95⅞xd	–⅛	3.30	3.69
101⅞	91⅞	Do. 2½pc '20	(327.3)	93⅞	–⅛	3.42	3.62
86⅞	77⅞	Do. 2½pc '24 ‡‡	(385.3)	79⅞xd	–⅛	3.34	2.53

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing to 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Int.	Red.
113¼	99½	African Dv Bk 11¼Ln 2010	107¼xd	–1	10.39	10.29
109⅞	95	Asian Dev Bk 10¼pcLn2009	102¾	–1	9.98	9.93
136	118½	Australia 13½pc 2010	129¼xd	–1	10.44	10.18
118¼	102¼	Do. 11¾pcLn2015	111¾	–1	10.21	10.12
115⅞	102¼	Euro Inv Bk 11pc Ln 2002	109	–¾	10.09	9.83
110¼	97½	Do. 10¼pc2004	104¼	–¾	9.94	9.83
126½	112¼	Int-Am Dev Bk 12½pc 2003	119⅞xd	–1	10.44	9.97
104⅞	90¼	Do. 9¼pcLn 2015	97⅞	–¾	9.96	9.96
97⅞	83	Mlysia 10¾pcLn 2009	92⅞	–¼	11.44	11.50
102½	99¼	Malaysia 12¼pc '88	101xd	....	12.13	11.34
115	100⅞	NZ 11¼pc 2008	108⅞	–¾	10.33	10.20
118¼	102¼	Do 11½pc 2014	111¾	–1	10.29	10.20
176½	119⅞	Sweden 13½pc Ln 2010	129⅞xd	–1	10.43	10.14
106	96½	Utd. Mexican States 16½pc	108⅞	–½	16.36	15.49

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30 3/16	22¾	Sara Lee $1	29⅝xd	−½	$1.00	—	2.1
11 3/16	8⅞	Saul (B. F.) $1	9½xd	....	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	24⅝	−⅛	h$2.32	—	5.8
18¼	14¼	Staley Continental	18⅝	+⅛	80c	—	2.7
44 3/16	36¼	Sun Co. Inc. $1	40 3/16xd	+¼	$3.00	—	4.5
37	28½	TRW Inc. $1¼	33 3/16	+⅛	h$1.60	—	2.9
32	25⅞	Tenneco $5	30½	.....	$3.04	—	6.1
187½	149½	Do. 10pc Ln.Stk. 91-5	187½xd	....	10%	—	5.5
26¼	17 3/16	Texaco $6.25	23¼xd	.....	$3.00	—	7.7
62⅞	47⅛	Time Inc. $1	58½	−½	$1.00	—	1.0
14½	11	Tracor $0.33	12⅝	−⅛	40c	—	1.9
26⅞	18⅞	Transamerica $1	26⅞xd	+2⅛	$1.76	—	4.0
12⅛	922p	Transworld Corp $5	12¼	+¼	20c	—	1.0
46	29¾	TRINOVA Corp.	44⅞	+⅞	h$1.00	—	1.4
20	15 1/16	♥USX $1	19 5/16	+1/16	$1.20	—	3.8
19⅝	15 1/16	Union Carbide $1	19⅛	−¼	$1.50	—	4.8
35 3/16	26⅞	Utd. Technologies	30¼	+½	$1.40	—	2.8
38⅝	27	US West	33¼	+1¼	$3.28	—	6.0
25	17⅛	Waste Management $1	25	+⅛	—	—	—
£22⅝	£20½	Whirlpool $1.0	£22⅝	+⅞	—	—	—
35⅞	26	♥Woolworth $3½	34⅛	−1/16	$1.32	—	2.4

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	.....	—	—	—
12⅝	506p	♥Amer. Barrick Res.	968p	.....	—	—	—
122p	52p	Armeno	72½p	−4½	—	—	—
19¼	14⅝	Bk. Montreal ǁ	15¾	+¼	$2.00	—	5.8
10½	745p	Bk. Nova Scot.ǁ	826p	+17	72c	—	4.0
20⅝	18	BCE ǁ	19⅞	+¼	$2.40	—	5.6
960p	712p	♥Bow Valleyǁ	931p	+23	40c	—	2.0
19⅛	12⅝	♥Brascanǁ	16⅞	+¼	88c	—	2.5
609p	277p	♥Breakwater Res.	368p	+14	—	—	—
11⅝	894p	Can. Imp. Bk. $2	10xd	−1/16	$1.08	—	5.0
12	865p	Can. Pacific ǁ	11¼xd	+¼	48c	—	1.9
42½	37½	Do 4pc Deb £100	41½	.....	4%	—	9.6
27½	25⅛	♥Echo Bay Mines	21¾	+11	20c	—	0.4
181p	66p	Euro-Asia Capital Ltd.	178p	+1	—	—	—
733p	283p	Galactic Resources	512p	..	—	—	—
69p	32p	Global Data Systems	49p	+1	—	—	—
873p	399p	♥Granges Explnǁ	655p	+51	—	—	—
18½p	10p	♥Gt Pacific Res.	15p	..	—	—	—
14½	781p	♥Gulf Canadaǁ	13	−⅛	92c	—	1.8
13⅝	10	♥Hawker Sid Canǁ	12¼	....	96c	—	3.6
740p	460p	Heelys Group	573p	+50	—	—	—
14½	10⅞	Hudson's Bay ǁ	10⅞	.....	60c	—	2.5
34½	24¾	♥Imperial Oilǁ	33¼	+½	$1.60	—	2.2
11⅝	782p	Incoǁ	10¼xd	−⅛	US$0.20	—	1.1
25¼	14⅞	♥Intl. Corona Res.	18⅝	+½	—	—	—
695p	575p	♥Inland Nat. Gas $1	684p	+16	60c	—	4.0
363p	158p	♥Muscocho Expln.	229p	+4	—	—	—
10	748p	♥Ntnl Business Syst.ǁ	890p	+5	—	—	—
12	927p	♥Rio Algom	995p	+30	$1.30	—	6.0
19⅛	14⅛	Royal Bk. Can. ǁ	15¾	+¼	$2.00	—	5.8
49½	40⅛	Seagramǁ	48⅝	−½	US$1.00	—	1.3
14⅞	11½	Toronto-Dom. Bk.ǁ	13⅞	+¼	84c	—	2.8
228p	19p	♥Trans Atlantic Res ǁ	107½p	+½	—	—	—
10¼	789p	♥Trans Can Pipe	820p	+17	$1.12	—	6.3
184p	124p	Varity Corpǁ	133p	−2	—	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
190	146	ANZ $A1	190xd	+6	tQ20.7c	2.4	4.9	8.5
*273	230	Allied Irish	240	+2	Q61.6%	♦	5.9	♦
£164	£135¼	Algemene Fl.100	£143½	....	mQ27%	2.1	5.8	8.1
70	56	Anglo Irish	63	....	Q19.69%	1.4	7.0	15.0
92	84	Ansbacher (H.) 1p	89½	−½	2.0	—	3.1	—
£40½	£24¼	Banco de Bilbao S.A.	£32½	.....	Q38%	3.0	2.9	18.2
£29½	£23¼	Banco de Santander	£28 3/16	....	Q23.2%	♦	1.5	♦
*243	176	Bank Ireland IrE1	220xr	+2	Q15.93%	2.9	6.6	7.6

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♯♯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	.....	Fin. 13% 97/02	£111½	.....
Craig & Rose £1	£194¼xd	+1½	Arnotts	335	.....
Finlay Pkg. 5p	185	.....	CPI Hldgs	57	.....
Holt (Jos) 25p	475	+5	Carrol Inds.	148xd	.....
IoM Stm. £1	220	.....	Dublin Gas	18	.....
			Hall (R. & H.)	100	.....
IRISH			Helton Hldgs.	41	+3
Fund 11¼% 1988	£100½	.....	Irish Ropes	170	.....
Nat. 9¾% 84/89	£98½	.....	Unidare	375	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	Property	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met.	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	Oils	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	Mines	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun 15	Jun 25	Jun 26	July6
Jun 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* New time dealings may take place from 9.00 am two business days earlier.

Government bonds fall as pound eases and shares turn sluggish in sympathy

A disappointing response by the pound to the OPEC agreement on oil output ceilings cast a cloud over the UK securities markets yesterday. Government bonds gave ground, albeit in quiet trading, and the first day of the new equity market account saw only the oil share sector in strong form. Industrial and consumer shares closed mixed after a cautious session, drawing no benefit from an optimistic forecast on the British economy by the London Business School. Property shares, however, continued the sharp upward rerating sparked off by the latest property deals in Central London.

At the close of business, the FT-SE 100 index was 2.0 down at 2289.3, still 31 points short of its all-time high reached just after Election Day. The FT Ordinary index at 1784.6 shed 6.1.

The sluggishness of the industrial sector was all the more mystifying for market traders in view of the OPEC-inspired US buying of British Petroleum and Shell. Several analysts admitted that they expected both gilts and equities to open firmer.

"It was sterling that upset gilts, and it was gilts that upset equities," was the most coherent explanation of the day's trading.

The dip in the pound revived the equity market's worries over the slowness of foreign buyers to re-appear in London after the UK general election, and was reflected in falls in Glaxo, Fisons and other stocks previously favoured by overseas funds. But major exporters like Imperial Chemical Industries and Jaguar also eased.

There were bright features, however. Domestic funds were buying into insurance, property and property-related issues, including Land Securities to MEPC and British Land.

The day started with Salomon Bros, the US house, successfully selling off a bought deal of 7.5m shares in Atlantic Computers.

Unilever and Lloyds Bank were good markets after their respective share splits, and Midland continued to stand up well despite the persistent fears of a rights issue. Transatlantic buyers concentrated mostly on oil shares, but Saatchi & Saatchi continued to advance in response to the reorganisation of the US operation.

Government bonds ended with net losses of ¾ of a point having steadied in late dealings after a day of light selling. Sterling's overnight weakness in Tokyo set the scene for the day's gilt-edged session. Traders said that sterling was the only factor in the market—they were unperturbed by Friday's £500m taplet issue.

The big-four clearing banks moved narrowly. Midland slipped back to 622p during the morning but picked up well late in the session to close a net 11 higher at 634p after a turnover of 2.2m shares. Lloyds, quoted ex the one-for-two scrip issue, were 4 easier at 384p. Barclays and NatWest slipped around 4 apiece to close at 591p and 730p respectively.

In the merchant bank Schroders leapt £1⅛ to £12 following a press recommendation. Favourable comment in the weekend Press also triggered good support for Goode Durrant & Murray which jumped 31 to 231p. Good interim results lifted First National Finance 4 to 319p.

Insurance brokers provided two of the day's outstanding features in Stewart Wrightson and Willie Faber; details of the agreed merger via a share exchange of 3 Willis for every 2 Stewarts were regarded as extremely generous to Stewart Wrightson, shares of which spurted 85 to 585p. The rise also reflected vague rumours of a possible counter bid for the company. Willis Faber, on the other hand, dropped sharply to close 37 down at 400p. Life insurances showed London and Manchester a late feature and finally 24 up at 310p.

Buildings showed Alfred McAlpine a strong market and 24 up at 662p following news that the company is proposing to build a village comprising 3,000 homes, a business park and landscaped country park at Caxton Gibbet, 11 miles west of Cambridge.

Turriff Corporation put on 13 to 392p in the wake of Press comment while suggestions that Raine Industries is set to bid for Tilbury Group left the latter 22 up at 404p.

Horace Cory captured the limelight in the chemicals sector, with the shares 8 up at 42p; a statement by the board of directors said they knew of no reason for the rise in the company's shares.

Second-line stores displayed some outstanding gains. Favourable comment prompted interest in Wigfalls, 54½ up at 288p, and in Peeles, finally 18 to the good at 180p. Hopes of a "shell" situation developing in the wake of last Friday's offer from Mr Darryl Phillips' Windstorm lifted Acala Jewellery another 10 to p. Other asset value situations to benefit included Martin Ford, 13 up at 188p, Lanca, 6 dearer at 91p, Blacks Leisure, 2 dearer at 29p and Storegard, 1¼ up at 31½p. Wilding Office Equipment closed 20 up at 255p following the interim figures. Dealings in Eurogas on Home, suspended at 248p on Friday, resumed following the purchase of Scholl International at 305p.

GEC were briskly traded (some 12m shares changed hands) awaiting today's announcement of the preliminary figures and settled a few pence better at 241½p. Elsewhere, Velex continued to edge higher at 388p, up 5, but Atlantic Computer reacted 21 to 750p as Salomon Bros placed 7.5m shares at 735p.

Engineers provided several outstanding movements. Camford were prominent at 188p, up 21, in response to a newsletter recommendation. Investment demand left APV Baker 14 to the good at 735p, while good preliminary figures prompted a gain of 60 to 795p in A. Cohen. Trading news was also responsible for a ris of 10 to 536p in VSEL Consortium. Davy Corporation firmed 9 to 176p awaiting Thursday's preliminary statement, but profit-taking clipped 19 from S.W. Wood at 126p.

Having enjoyed a relatively lively turnover of late, Foods began the new Account in disappointing form which the majority of leaders apparently content to trade around existing levels. ASDA-MFI hardened the turn to 194p, although speculation of a possible takeover attempt by Dixons was greeted with scepticism by most traders. "Take-profits" advice prompted an easier tone in Bejam, finally 3¼ lower at 222p, but revived speculative demand lifted H6 Cash and Carry 14 to 160p. J. England were marked 14 lower to 166p in reaction to th sizable full-year deficit.

Leading miscellaneous industrials drifted off in a low volume of business. Among Pharmaceuticals, Glaxo eased ⅛ to £16⅝ while Beechams gave up 9 at 550p and Boots 6 at 286p.

London International met with renewed offerings at 304p, down 12, following the expected launch of cut-price condoms by a non profit making trust initiated by Mr Richard Branson. In contrast, Christies International, an old takeover favourite, encountered further demand and put on 16 further to 567p. Kennedy Smale jumped 38 to 396p in response to a newsletter recommendation, while Sharnaware improved 15 to 270p for a similar reason. Wyndham Group, reflecting property acquisition news, advanced 18 to 256p. Buyers continued to show interest in Reed Executive, up 35 more at 885p, ahead of tomorrow's preliminary figures. Weekend Press mention prompted fresh demand for Pearson, which gained 18 to 723p, while others to respond to newspaper mention included Burns Anderson, up 12½ at 226p, and Derek Crouch, 10 to the good at 153p. Sterling Industries, in which the Cazer Trust hold a controlling stake, jumped 25 more to 265p. Reflecting expansion hopes, LDH advanced 40 to 192p and Ashley Industrial Trust 21 to 125p. Redfearn Glass, on the other hand dipped 34 to 354p on the agreement to acquire Flexpack from Bunzl for £19.5m. The deal is to be satisfied by a vendor placing of 3.75m Redfearn shares. Trading news left Campbell and Armstrong 12 cheaper at 173p.

Brent Walker provided an early feature, rising 28 to 381p following news of the agreed purchase of Lonrho's Metropole casino division for almost £123m cash. The deal, to be financed by a rights issue in convertible shares, will give Brent Walker control of the International Sporting Club and Crockfords among others. The announcement was also seen as good news for Lonrho, and the shares, depressed in the last couple of Accounts, rallied 13½ to 278p. Elsewhere in Leisures, Zetters hardened a 16 more to 396p, again in a narrow market, as the group revealed that it was considering living-off its bingo club activities. Press comment highlighting takeover prospects lifted SelecTV 7 to 40p, while Television South highlighted a relatively firm TV sector with a rise of 7 to 397p reflecting interest ahead of today's half-timer.

Earl attention in Motors centred on Dowty; despite revealing preliminary profits a shade shy of best estimates, the shares advanced 10 to 284p as the group's progress over the last year coupled with future prospects led analysts to issue "buy" recommendations. Jaguar, on the other hand, eased a few pence to 544p as chairman Sir John Egan stated that the group planned to spend £1bn over the next six years — an investment which include a new sports model,rumoured to be the long-awaited "F-Type." Distributors, heavily bought recently amid considerable takeover chatter, continued in quieter but still firm mood. Modest gains were noted for recent high-fliers such as Lookers, 420p, Trimoco, 53p and T. Cowie, 669p. Dealers also reported substantial demand for Alexanders Holdings, the Scottish-based Ford main dealer, which leapt 11½ more to 57½p with vague suggestions of property developments cited as the reason for the upturn.

Property shares, given a substantial rerating last week following the sale of the FT's Bracken House building to a Japanese group for £143m, continued to race ahead; in its latest Property Bulletin broker Morgan Grenfell says many funds are still underweight in the sector. In the leaders British Land moved up 12½ to 317p — helped by a specific "buy" recommendation from Morgan Grenfell, while Land Securities added 15 at 577p, MEPC 16 at 571p and Rosehaugh ¾ to £11⅝. Acquisition news boosted Parkdale 13 to 196p. Newsletter recommendations were responsible for lifting Helical Bar 17 to 287p and Caird (A) 20 to 280p, while favourable comment in the weekend Press directed buyers towards estate agents Connells, 30 ahead at 428p. Hanover Druce jumped 15 to 390p.

Courtaulds edged up to close 5 dearer at 477p following the announcement of the proposed acquisition of Martin Processing Inc. of the US. MPI specialises in enhancing polyester film for application on windows of vehicles and buildings in order to control heat glare. Munton, reflecting Press mention, gained 10 to 58p, the price given in Saturday's issue was incorrect.

The OPEC agreement on a collective production ceiling of 16.6m b/d for the rest of the year and news that Norway is extending its 7.5 per cent reduction in planned output for the rest of the year gave a major boost to the oil sector. A near 50 cents a barrel rise in crude oil prices saw Shell race up ⅛ to £14⅝ and BP touch 390p before settling a net 10 higher at 389p; US houses were said to be strong buyers of BP where more than 11m shares changed hands. British Gas edged up a couple of pence to 181p on a turnover of 12m shares.

Other firm features in oils included Britoil, up 4 more to 316p as broker Kleinwort Grieveson continued to recommend the stock in the US. Enterprise jumped 13 to 305p and LASMO put on 12 to 326p. Tricentrol rose 6 to 114½p and Ultramar, a current takeover favourite, advanced 4 to 271p.

Second-liners were highlighted by Carless Capel, regarded as a major beneficiary of rising crude oil prices, which spurted 9 to 128½. Century Oil were 3 up at 238p ex rights; the new nil paid opened around 41p premium and subsequently moved up to 46p premium. A drilling report unsettled Aran Energy, 5 off at 51p.

Gold mining shares moved higher with the help of some modest buying from the Continent. The FT Gold Mines Index closed 4.5 up at 380.7.

But traders admitted that business remained very light. Prices opened a shade off, in response to the bullion price, and rallied with the New York market. The tone remained uncertain, with professional investors unsure of the outlook for the bullion price, or for the US dollar which is still the key to the bullion and equity sector.

TRADED OPTIONS

The week got off to a decidedly slow start in traded options, total contracts struck amounting to only 34,135. British Gas remained to the fore with 3,013 calls and 2,035 puts struck, while GEC, preliminary results scheduled for today, attracted 2,147 calls.

FINANCIAL TIMES STOCK INDICES

	June 29	June 26	June 25	June 24	June 23	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.41	90.68	90.91	91.07	90.55	90.34	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.04	97.36	97.59	98.07	97.91	96.71	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1784.6	1790.7	1772.5	1773.4	1751.6	1367.1	1,801.7 (17/6)	1,320.2 (2/1)	1,801.7 (17/6/87)	49.4 (26/6/40)
Gold Mines	380.7	376.2	375.9	373.6	364.1	202.5	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.21	3.19	3.22	3.23	3.26	4.04				
Earnings Yld.%(full)	7.74	7.70	7.76	7.78	7.87	9.69				
P/E Ratio (net) (*)	15.90	15.98	15.85	15.83	15.64	12.56				
SEAQ Bargains (5 pm)	47,585	55,708	42,659	40,002	41,368	—				
Equity Turnover (£m)	—	1701.88	1578.50	1644.23	1589.42	507.81				
Equity Bargains	—	55,224	49,864	45,394	54,124	23,105				
Shares Traded (ml)	—	842.2	670.2	593.0	598.9	250.3				

S.E. ACTIVITY

Indices	June 26	June 25
Gilt Edged Bargains	111.8	117.7
Equity Bargains	357.8	323.1
Equity Value	3439.9	3190.6
5-Day Average		
Gilt Edged Bargains	133.2	139.5
Equity Bargains	332.4	329.9
Equity Value	3292.8	3220.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1788.2	1789.8	1788.3	1786.1	1788.6	1787.0	1782.0	1783.4

Day's High 1790.4. Day's Low 1781.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.59.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings June 22
- Last dealings July 3
- Last declaration Sept 24
- For Settlement Oct 5

For rate indications see end of Unit Trust Service

Stocks deal in for the call included Control Securities, Western Mining, Raine Industries, Bejam, Bridon, Platignum, Charterhall, Abaco, J. L. Israel, Smith and Nephew, Rotaprint, Blacks Leisure, Eagle Trust, Benjamin Priest, Lonrho, Edmond Holdings, Bula Resources, Property Trust, Waterford Glass, Central and Sheerwood, Amstrad, Burndene, Elswick, Pentland Industries, North Kalgurli, Talbex, Rexmore, W. A. Tyzack, Dares Estates, British Telecom and Rivlin. Puts were arranged in Charterhall, Bula Resources and Pentland Industries, while a double option was transacted in Berkeley and Hay Hill.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,250	194	+1	Ladbroke	2,700	423	+7
Allied Lyons	468	429	−1	Land Securities	2,100	577	+15
Amstrad	1,400	177	—	Legal & Gen.	548	350	—
Argyll Group	2,000	444	−3	Lloyds Bank	218	384	−2
Assoc. Brit. Foods	58	395	+2	Lonrho	8,100	279	+13½
BAT	409	596	−3	MEPC	2,400	571	−15
BET	2,000	291	−2½	Marks & Spncr	2,250	244	−3
BOC	499	499	−1	Midland Bank	1,700	634	+11
BPB Inds	353	805	−5	NatWest Bank	272	730	−4
BPCC	2,500	317	−9	Next	190	337	−3
BTR	1,500	314	−5	Pearson	1,400	723	+18
Barclays	277	591	−4	P & O	195	717	—
Bass	156	£10	−⅛	Pilkington Bros	596	947	+3
Beecham	692	550	−9	Plessey	7,200	227½	−1½
Blue Circle	458	500	−1	Prudential	532	£10⅝	+⅛
Boots	2,600	286	−6	Racal	3,400	274	+1½
Brit. Airways	838	148	−2	Rank Org	24	781	−2
Brit. Aero	1,000	529	−10	RHM	537	339	−2
Brit. & Comm.	2,000	489	+21	Reckitt & Col	116	£11⅛	—
British Gas	12,000	181	+2	Redland	514	536	−1
Britoil	10,000	316	+4	Reed Intl.	2,100	577	−4
BP	10,900	389	+10	Reuters	363	855	+4
Brit. Telecom	3,900	291	−4	RMC	151	469	—
Bunzl	1,200	268	−2	RTZ	331	£10⅛	—
Burton	1,200	315	+1	Rolls-Royce	2,200	124	+4
Cable & Wire	1,200	389	−1	Rowntree Mac	236	532	+7
Cadbury Schwps	2,400	280½	+2½	Ryl Bank Scotland	200	365	−1
Coats Viyella	217	694	−1	Royal Insurance	931	505	−8
Comm. Union	1,400	355	+2	STC	135	303	−1
Cons. Gold	257	£10⅛	—	Saatchi & Saatchi	374	669	+12
Cookson	129	712	−3	Sainsbury	492	577	−2
Courtaulds	625	477	+5	Scott & Newcastle	912	259	—
Dee Corpn	1,400	227	—	4,800	4,800	155	−1
Dixons Grp	160	375	−2	Sedgwick	2,000	308	−5
English China Clays	40	470	−1	Shell Trans	4,800	£14⅝	+⅛
Fisons	678	377	−5	Smith & Nephew	3,100	180	+1
Gen. Accident	72	£10⅛	—	Standard Chart	565	760	−3
Gen. Elect	11,900	241½	+2½	Storehouse	947	289	−2½
Glaxo	593	£16⅝	−⅛	Sun Alliance	213	£10	—
Globe Investment	1,400	180½	+1	TSB	3,900	90¼	−½
Granada	521	353	+1	Tarmac	411	301	+1
Grand Met	1,200	541	−4	Tesco	693	568	+2
Gus "A"	38	£13½	−⅛	Thorn EMI	1,000	763	+2
Guardian R.E.	765	£10½	—	Trafalgar House	408	392	+1
GKN	2,700	362	−3	T'house Forte	466	249	−3
Guinness	929	362	−2	Unigate	391	416	+1
Hanson Trust	11,000	175	−½	Unilever	1,200	665	—
Hawker Sidd	294	541	+2	United Biscuits	796	330	+2
Hillsdown Hldgs	287	300	—	Wellcome	475	425	−7
ICI	775	£14⅝	−⅛	Whitbread "A"	903	357	+1
Jaguar	436	544	−3	Woolworth	943	413	+7

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (352)

AMERICANS (6), BANKS (6), BREWERS (1), BUILDINGS (26), CHEMICALS (12), STORES (18), ELECTRICALS (22), ENGINEERING (19), FOODS (12), HOTELS (1), INDUSTRIALS (73), INSURANCE (6), LEISURE (6), MOTORS (4), NEWSPAPERS (6), PAPER (11), PROPERTY (35), SHIPPING (1), SHOES (2), TEXTILES (7), TRUSTS (62), OILS (11), PLANTATIONS (2), MINES (1). THIRD MARKET (2).

NEW LOWS (3)

BANKS (1), Brown Shipley, LEISURE (1), Scanro, TRUSTS (1), India Fund.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	107	4
Corporations, Dominion and Foreign Bonds	3	28	28
Industrials	686	332	541
Financial and Properties	255	90	541
Oils	56	14	44
Plantations	4	0	10
Mines	85	21	83
Others	90	43	125
Totals	1,182	635	1,086

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Monday June 29 1987

Figures in parentheses show number of stocks per section

FIXED INTEREST

§Opening index 2292.7; 10 am 2294.2; 11 am 2292.4; Noon 2290.2; 1 pm 2290.8; 2 pm 2290.1; 3 pm 2285.3; 3.30 pm 2286.4; 4 pm 2287.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

June 29. Total Contracts 33,892. Calls 23,383. Puts 10,509.

FT-SE Index Calls 2,232. Puts 1,380

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

June 26	Price Sch%	+ or −
Creditanstalt	1918	.....
Goesser	2650	.....
Interunfall	11860	.....
Jungbunzlauer	7720	.....
[illegible]enderbank	1805	.....
Perlmooser	671	.....
Steyr-Daimler	108	.....
Veitscher Mag	744	.....

BELGIUM/LUXEMBOURG

June 29	Price Frs.	+ or −
B.B.L.	3250	−10
Banque Gen. Du. L.	15300	.....
Bank Int. A	14300	.....
Bekaert B	11500	.....
Ciment CBR	5900	+270
Cockerill	168	−2
Delhaize	3390	+40
EBES	5060	+20
Fabrique Nat	1550	.....
GB Inno BM	1166	−2
GBL (Brux) L	3625	−10
Generale Bank	6380	−20
Gevaert	7000	+40
Hoboken	7190	−40
Intercom	4060	+25
Kredietbank	4520	+85
Pan Holdings	12600	.....
Petrofina	11600	−100
Royale Belge	6300	−50
Soc Gen Belge	3900.00	+25
Sofina	14500	+100
Solvay	12600	−50
Stanwick Intl.	450	.....
Tractebel	7150	+10
UCB	9990	+90
Wagons Lits	5470	−20

DENMARK

June 29	Price Kr %	+ or −
Baltica Skand	950	−10
Cop Handelsbank	278	−1
D. Sukkerfab	320	−3
Den Danske Bank	352	−3
East Asiatic	199	−2
Forenede Brygg	835	.....
GNT Holding	250	−2
I.S.S.B. Systems	785	+15
Jyske Bank	540	.....
Novo Inds.*	280	+2
Privatbanken	275.00	.....
Sophus Berendsen	900	−5
Superfos	234	−4

FINLAND

June 29	Price Mks	+ or −
Amer	225.5	+2.5
KOP	50.55	−0.1
Kone	232.5	.....
Finnish Sugar	86.75	+0.25
Nokia	188.9	+4.9
Pohjola 'B'	81.90	−1.2
Rauma-Repola	26.89	+0.09
Stockmann 'B'	240	+4.5
UBF 'C'	32.8	−0.5
Utd. Paper	154.5	+3
Wartsila (511)	218.5	+4

FRANCE

June 29	Price Frs.	+ or −
Emprunt 4½% '73	1864	−5
Emprunt 7% 1973	8759	+59
Accor	480.00	+21
Agence Havas	515	.....
Air Liquide	670	+5
BIC	730	−4
BNP (Cert. Inv.)	551	+6
Bongrain	2800	+30
Bouygues	1070	−20
BSN Gervais	4690	−15
CIT-Alcatel	2400	.....
Carrefour	3120	+40
Club Mediterranean	586.00	+6
Cie Bancaire	649	−5
Cofimeg	363.00	−10.4
CGE	320.00	−1
Damart	2570	−20
Darty	412	+12
Dumez S.A.	2120	−19
Eaux (Cie Gen)	1218	+36
Elf-Aquitaine	366.00	+2.5
Essilor	3535	+45
Gen. Occidentale	1170	−20
Imetal	132.10	−1.1
Lafarge Coppee	1541	−4
L'Oreal	4140	+45
Legrand	5460	+110
Maisons Phenix	79.80	+2.3
Matra S.A.	2270	+20
Michelin B.	3130	+5
Midi (Cie)	1310	.....
Moet-Hennessy	2580	−15
Moulinex	78	+1
Nord Est	167.10	+1.2
Paribas	448.00	−6
Pernod Ricard	970	−5
Perrier	783	+31
Petroles Fra	458.00	−2
Peugeot S.A.	1509	+4
Printemps Au	671	+1
Radiotech	1434	+19
Redoute	2984	+23
Roussel-Uclaf	1502	+22
St. Gobain	430.00	+2
Sefimeg	495	.....
Skis Rossignol	1170	−10
Telemech Elect	2950	.....
Thompson (CSF)	1330	.....
Valeo	565.00	−5

GERMANY

June 29	Price Dm.	+ or −
AEG	315.10	−1.9
Allianz Vers	1778.00	−12
BASF	295.00	−4.2
Bayer	329.00	−6
Bayer-Hypo	321.00	−4
Bayer-Verein	423.00	−4
BHF-Bank	441	.....
BMW	682	.....
Brown Boveri	312.50	−0.5
Commerzbank	272.30	−2.2
Cont'l Gummi	333.00	−6.8
Daimler-Benz	1117.00	−10
Degussa	487.00	−5
D'sche Babcock	231.00	−5
Deutsche Bank	636.00	−6
Dresdner Bank	332.50	−3.5
Feld Muehle Nob	308.00	+2
Henkel	535.00	−9.5
Hochtief	626.00	+1
Hoechst	300.50	−2.5
Hoesch Werke	116.70	−8.8
Holzmann (P)	390.00	+9
Horten	223.00	+11
Hussel	562.00	+4
Karstadt	467.00	−3
Kaufhof	470.80	+2
KHD	174.50	+0.5
Kloeckner	41.00	−0.2
Linde	727.00	−6
Lufthansa	181.00	+5
MAN	173.00	−4
Mannesmann	163.50	−0.8
Mercedes Hld.	945.00	−5
Metallgesell	330.50	.....
Muench Rueck	1920	+70
Nixdorf	818.00	−9
Porsche	1017.00	−7
Preussag	157.50	+4.5
Rhein West Elect.	217.50	+1
Rosenthal	261.00	+1
Schering	570.00	−5
Siemens	731.50	−11.4
Thyssen	123.80	−0.7
Varta	347.00	+2
Veba	311.00	−0.8
V.E.W.	168.00	−0.5
Verein-West	405.00	−1
Volkswagen	425.50	−4.5

ITALY

June 29	Price Lire	+ or −
Banca Com'le	23560	+10
Bastogi-IRBS	655	−6
CIR	6050	+40
Credito Italiano	2000	−20
Fiat	13000	−175
Generali Assicur	133000	−1000
Italcementi	101000	+1440
La Rinascente	1265	+35
Montedison	2410	−25
Olivetti	12800	−260
Pirelli Co	6400	−10
Pirelli Spa	5061	+1
Saipem	3530	−20
Snia BPD	3675	−5
Toro Assic	32500	+160

NETHERLANDS

June 29	Price Fls.	+ or −
ACF Holding	63.20	−0.6
AEGON	95.80	.....
Ahold	104.20	+1.2
AKZO	155.60	+1.2
ABN	483.00	+2.5
AMEV	65.50	−0.5
AMRO	78.80	+1.8
Bredero Cert	12.00xc	.....
Buehrmann-Tet	54.80	+0.5
Dordtche Petroleum	243.00	+4
Elsevier Ndu	53.50	−1.6
Fokker	53.60	−0.3
Gist Brocades	46.80	−0.7
Heineken	180.50	+1
Hoogovens	45.00	.....
Hunter Douglas	55.70	+1.3
IHC Caland	22.30	+0.3
Int Mueller	68.00	+1
KLM	51.40	−0.4
KNP	147.50	+1
Nat Ned Cert	74.20	−0.2
Ned Mid Bank	174.00	+1
Ned Lloyd	153.50	+3.5
Oce Grinten	445.00	+5
Ommeren (Van)	37.60	−0.1
Pakhoed	76.80	+1
Philips	51.90	.....
Robeco	106.80	−0.4
Rodamco	139.50	+0.1
Rolinco	99.40	−0.7
Rorento	52.30	−0.1
Royal Dutch	269.60	+5.4
Unilever	136.3xc	.....
VMF Stork	24.70	−0.1
VNU	86.00	.....
Wessanen	88.50	+1
Wolters Samsom	132.00	−1.9

NORWAY

June 29	Price Kroner	+ or −
Aker-Norcem	79.00	.....
Bergen bank	173.00	+2
Bergesen B	379.00	+4
Christiania Bk	178.00	+2
Den Norsk Credit	153.50	+2
Elkem	100.00	.....
Kosmos	136.50	+0.5
Kvaerner	207.00	−0.5
Norsk Data	216.00	−1
Norsk Hydro	203.50	+4
Orkla Borregaar	395.00	+1
Storebrand	342.00	..

SPAIN

June 29	Price Pts.	+ or −
Banco Bilbao	1371.00	.....
Banco Central	1033.00	.....
Banco Exterior	445.00	.....
Banco Hispano	499.00	[illegible]
Banco Popular	1580.00	+5
Banco Santander	1137.00	−28
Banco de Vizcaya	1850.00	.....
Banesto	798.00	.....
Dragados	870.00	+35
Hidrola	85.00	+4
Iberduero	118.2	.....
Petroleos	557.50	+16.5
Telefonica	204.50	+0.3

SWEDEN

June 29	Price Kronor	+ or −
AGA (Free)	204.00	+1
Alfa-Laval	316.00	.....
ASEA (Free)	360.00	+4
Astra (Free)	281	.....
Atlas Copco	174.00	+1
Beijer A Fria	230	.....
Cardo (Free)	230.00	.....
Cellulosa	347.00	.....
Electrolux B	288.00	+1
Ericsson	251.00	−1
Esselte	156	.....
Mo Och Domsjo	385.00	−2
Pharmacia	203.00	.....
Saab-Scania (Free)	630.00	+5
Sandvik	170.00	−2
Skandia	252.00	−2
Skan Enskilda	129.00	−1
SKF	339.00	+1
St. Kopparbergs	386.00	+2
Svka Handelsbn	448.00	−2
Swedish Match	104	.....
Volvo B (Free)	310.00	−5

SWITZERLAND

June 29	Price Frs.	+ or −
Adia Intl.	11950	.....
Alusuisse	660	.....
Bank Leu	3250	+50
Brown Boveri	2375	−25
Ciba Geigy	3690	+15
do. (PtCts)	2480	−10
Credit Suisse	3175	+10
Elektrowatt	3700	+25
Fischer (Geo.)	1475	+5
Hoff-Roche (Pt Cts)	133500	+250
Hoff-Roche 1/10	13250	−100
Jacobs Suchard	9050	+50
Jelmoli	3550	−20
Landis & Gyr	1580	−20
Nestle	9725	−25
Oer-Buhrle	1,380	.....
Pargesa Hldg	2210	−15
Pirelli	427	−3
Sandoz (Br)	12600	+100
Sandoz (PtCts)	2150	+35
Schindler (PtCts)	840	.....
Sika	1625	.....
Surveillance	6500	−125
Swissair	1340	−20
Swiss Bank	465	−1
Swiss Reinsce	17200	−100
Swiss Volksbk	2,130	.....
Union Bank	4,800	.....
Winterthur	6,600	.....
Zurich Ins	6750	+50

AUSTRALIA

June 29	Price Aust$	+ or −
ACI Int.	4.00	−0.05
A.F.P.	2.58	+0.03
Adelaide Steams	7.98	+0.08
Amcor	4.70	+0.1
ANZ Group	4.22	+0.04
Ampol Pet	3.15	+0.05
Ariadne Aust	2.65	−0.15
Ashton	3.30	.....
Aust Guarant	2.85	+0.1
Aust Nat Inds	1.92	−0.01
Bell Group	7.70	.....
Bell Resources	4.05	−0.03
Bond Corp Hldgs	2.48	+0.01
Boral	5.06	+0.06
B'ville Copper	4.25	+0.3
Brambles Inds	8.84	+0.04
Bridge Oil	1.58	+0.08
BHP	9.72	−0.06
BHP Gold	1.20	−0.03
Burns Philp	4.30	.....
CRA	8.50	+0.26
CSR	4.03	+0.01
Chase Corp	2.80	−0.05
Claremont Petro	1.05	.....
Coles Myer	7.00	+0.04
Comalco "A"	3.38	−0.02
Consolidated Pet	0.16	.....
Costain Aust	2.45	−0.15
Elders IXL	4.75	.....
Energy Res	2.70	+0.05
Gen Prop Trust	3.33	−0.02
Goodman Fielder	3.75	.....
Hardie (J.)	3.65	.....
Hartogen Energy	3.30	.....
ICI Aust	3.90	−0.1
Industrial Equity	4.45	−0.05
Jimberlana (50cFP)	0.50	+0.03
Jones (David)	10.50	.....
Kia Ora Gold	1.05	−0.05
Kidston Gold	6.60	+0.2
Lend Lease	14.20	+0.1
MIM	2.30	.....
Mayne Nickless	4.60	+0.04
Nat. Aust. Bank	4.65	+0.03

AUSTRALIA (Continued)

June 29	Price Aust$	+ or −
News	18.80	+0.5
Noranda Pacific	3.50	+0.15
North Bkn Hill	2.70	+0.05
Oakbridge	0.55	.....
Pacific Dunlop	4.95	+0.15
Pancont'l	3.65	+0.15
Pioneer Conc	3.32	−0.03
Placer Pacific	3.55	+0.25
Poseidon	4.75	.....
Queensland Coal	1.58	+0.03
Santos	6.80	+0.26
Smith (H.)	4.70	.....
Thos Natwide	4.35	−0.1
Tooth	8.00	+0.04
Vamgas	3.70	.....
Western Mining	6.26	+0.32
Westpac	4.85	+0.03
Woodside Petrol	2.10	−0.05
Woolworths	3.28	.....
Wormald Intl	3.10	+0.1

HONG KONG

June 29	Price H.K.$	+ or −
Bank East Asia	25.70	+0.9
Cathy Pacific	6.05	−0.1
Cheung Kong	12.70	−0.1
China Light	23.10	+0.2
Evergo	0.68	.....
Hang Lung	14.70	+0.2
Hang Seng Bank	40.75	+1.25
Henderson Land	6.70	+0.1
Hong Kong China	18.10	−0.2
HK Electric	9.30	.....
HK Land	7.05	+0.1
HK Shanghai Bank	9.10	.....
HK Telephone	13.70	−0.1
Hutchison Wpa	13.30	+0.1
Indust Equity P	20.10	−0.1
Jardine Math	18.00	−0.1
New World Dev	12.70	+0.1
SHK Props	16.30	+0.2
Shell Elec. Mfg.	1.44	−0.01
Swire Pac A	23.00	+0.2
TV-E	14.10	.....
Wharf Hldgs	9.15	+0.25
Windsor Ind.	12.20	.....
World Int Hldgs	4.15	+0.03

JAPAN

June 29	Price Yen	+ or −
Ajinomoto	3150	−40
All Nippon Air	1820	.....
Alps Electric	2330	−30
Asahi Chemicals	1160	.....
Asahi Glass	1950	−40
Bank Tokyo	1740	+50
Bridgestone	1080xc	.....
Brother Inds.	670	.....
Canon	960	.....
Casio Computers	1300	−40
Chugai Pharm	1890	−50
Daiei	1780	−120
Dai Ichi Kan Bank	3270	−200
Dai Nippon Ink	795	−14
Dai Nippon Ptg	2120	−100
Daiwa House	2340	−80
Daiwa Sec	2810	−90
Eisai	2210	−40
Fanuc	5760	+50
Fuji Bank	3310	−90
Fuji Film	3790	−60
Fujisawa	2280	−20
Fujitsu	1130	.....
Fujisawa Elect	730	−6
Green Cross	2730	−10
Heiwa Real Est	1750	.....
Hitachi	1170	−10
Hitachi Credit	1720	−20
Honda	1690	+30
Indl Bank Japan	4510	−40
Ishikawajima Ha	645	−15
Isuzu Motors	390	−7
Itoh (C)	779	+4
Ito Yokado	4100	−120
JAL	13800	−400
Jusco	1720	−60
Kajima	1730	−20
Kao Soap	2080	−30
Kawasaki Steel	239	−10
Kirin	2640	−50
Kobe Steel	268	−2
Komatsu	667	−6
Konishiroku	866	−6
Kubota	602	+7
Kumagai	1070	−20
Kyoto Ceramic	5800	.....
Marubeni	535	−4
Marui	3490	−50
Mazda Motors	430	−2
Meija Seika	1160	−30
MEI	2220	.....
M'bishi Bank	3300	−30
M'bishi Chem	1190	−50
M'bishi Corp	1270	−40
M'bishi Elec	649	−15
M'bishi Estate	2790	−130
MHI	595	−21
Mitsui Bank	2550	−60
Mitsui Co.	775	−25
Mitsui Estate	2410	−130
Mitsui Toatsu	745	−18
Mitsukoshi	1770	−60
NGK Insulators	886	−31
Nikko Sec	2330	−40
Nippon Denso	1590	−30
Nippon Elect	2100	−20
Nippon Express	1230	−40
Nippon Gakki	1630	−10
Nippon Kogaku	884	−4
Nippon Kokan	277	−7
Nippon Oil	1380	−60

JAPAN (Continued)

June 29	Price Yen	+ or −
Nippon Seiko	555	+5
Nippon Shimpan	1330	.....
Nippon Steel	315	−10
Nippon Suisan	627	+2
Nippon Yusen	599	−15
Nissan Motor	719	+4
Nisshin Flour	1210	−60
Nomura	4490	−160
Olympus	1100	−50
Onoda Cement	698	−21
Orient Finance	1570	−30
Orient Leasing	3850	−70
Pioneer	2980	−10
Ricoh	1030	.....
Sankyo	1860	−20
Sanwa Bank	2980	+30
Sanyo Elect	558	+8
Sapporo	1980xc	.....
Sekisui House	2340	−80
Seven-Eleven	8290	−50
Sharp	1130	−20
Shimizu Const.	955	−20
Shionogi	1730	−50
Shiseido	2150	−20
Showa Denko	682	−13
Sony	4140	+20
S'tomo Bank	4120	−110
Sumitomo Chem	923	−17
Sumitomo Corp	1010	−30
S'tomo Elect	1800	+20
S'tomo Metal	225	−9
Taisei Corp	1060	−10
Taisho Marine	1160	−40
Taiyo Kobe Bank	1670	−30
Takeda	3200	−150
TDK	3980	+30
Teijin	823	−17
Toa Nenryo Kyo	2040	−90
Tokai Bank	2290	+20
Tokyo Marine	2220	−50
Tokyo Elect Pwr	6600	−50
Tokyo Gas	1080	−50
Tokyu Corp	1,760	−70
Toppan Print	1640	−30
Toray	710	−8
Toshiba Elect	665	−20
Toyo Seikan	2620	−60
Toyota Motor	1900	−60
UBE Inds	477	−1
Victor	3020	−80
Yamaha	830	−10
Yamaichi Sec	2310	−90
Yamanouchi	4170	−30
Yamazaki	1,640	−30
Yasuda Fire	1160	.....

SINGAPORE

June 29	Price $	+ or −
Boustead Hldgs	2.04	+0.03
Cerebos Pacific	5.60	.....
Cold Storage	4.70	−0.02
DBS	14.60	.....
Genting	6.65	+0.1
Haw Par Bros	5.10	+0.22
Hong Leong Fin.	4.90	+0.12
Inchcape Bhd	5.65	+0.2
Keppel Shipyard	3.70	−0.02
Malay Banking	7.70	−0.05
Malayan Utd. Ind.	2.42	−0.02
Multi Purpose	0.92	+0.01
OCBC	9.45	+0.15
OUB	4.54	+0.04
Public Bank	2.55	.....
Sime Darby	3.50	.....
Singapore Air	12.90	−0.1
Singapore Press	9.00	+0.1
Straits Trading	4.48	+0.1
Tat Lee Bank	3.48	.....
UOB	5.75	+0.2

SOUTH AFRICA

June 29	Price Rand	+ or −
Abercom	3.25	−0.05
AE & CI	17.75	.....
Allied Tech.	150.00	.....
Anglo Am Coal	34.00	.....
Anglo Am Corp	30.50	−1.5
Anglo Am Gold	358.00	.....
Barclays Bank	21.75	.....
Barlow Rand	24.50	+0.25
Buffels	70.00	.....
CNA Gallo	1.45	.....
Currie Finance	3.45	.....
De Beers	40.50	+1.25
Driefontein	79.60	−1
Freegold	51.00	+1.5
Gold Fields SA	77.50	.....
Highveld Steel	6.80	+0.1
Malcor Hldgs	19.50	.....
Nedbank	8.10	−0.35
OK Bazaars	18.50	.....
Rembrandt	15.30	.....
Rust Plat	51.67	+0.62
Safren	20.00	.....
Sage Holdings	17.25	.....
SA Brewers	18.75	+0.25
Smith (C G.)	44.50	+0.5
Tongaat Hulett	12.40	.....

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. s Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices June 29

Sales	Stock	High	Low	Close	Chng
3557	AMCA Int	$10⅝	10½	10½	
24285	Abitibi Pr	$34½	34⅜	34½	+¼
612	Acklands	$18⅝	18⅜	18⅝	+⅛
7100	Agnico E	$30¼	29½	29½	−¾
35614	Albrta En	$20⅝	20⅜	20⅜	−⅛
1357	Albrta N	$14⅝	14½	14½	−⅛
69485	Alcan	$40½	40	40	−½
564	Algoma St	$16	16	16	−¼
17050	Asamera	$12¾	12⅝	12¾	+¼
41186	Atco 1 f	$11½	11⅜	11⅜	−⅛
1251	BC Sugar A	$29½	29½	29½	
5770	BGR A	$13⅛	12⅞	13⅛	+¼
28000	BP Canada	$23	22¾	22¾	−¼
8200	Banister C	$13¼	13	13¼	+¼
63652	Bk BCol	62	58	58	−3
52402	Bk Montl	$33¾	33⅜	33⅜	
98345	Bk NScot	$18	17¾	17¾	+⅛
170848	Bell Can	$42½	42⅛	42⅜	−⅛
89431	Bow Valy	$20⅝	20	20¼	+⅜
3000	Braloma	210	205	205	+5
800	Bramalea	$23	23	23	
19858	Brascan A	$35	34½	34⅝	−¼
44999	Brkwater	$8	7⅞	7⅞	−¼
135900	Brenda M	$13⅝	12¾	13⅜	+⅞
31886	BC ForP	$21⅛	21	21	
31315	BC Res	123	120	120	−3
39025	BC Phone	$28¼	28	28⅛	−⅛
200	Brunswk	$15⅞	15⅞	15⅞	−⅛
19146	CAE	$10⅝	10¼	10⅝	+⅛
130400	CCL B f	$14	14	14	
1500	CIL	$29⅞	29⅞	29⅞	−⅛
2000	Cad Frv	$32¾	32⅜	32⅜	
8100	Cambridg	$28¼	27¾	27¾	−¼
20645	Camp RLk	$33⅝	33⅜	33½	+⅜
12483	Camp Res	290	285	285	−15
624	Camp Soup	$20	20	20	−½
7200	Campeau f	$37⅞	36½	37⅞	+⅝
8230	CCem ex p	$15⅝	15⅜	15½	
272423	CDC 1	$13⅞	13¾	13⅞	−⅛
600	Can Malt	$22½	22	22	−½
14821	C Nor West	$24½	23⅝	24⅝	+1⅛
3275	C Packrs	$16¼	16⅛	16¼	
3300	CS Pete f	405	390	395	
2800	Can Trust	$73	71	73	+2¼
280	Cdn GE	$22½	22½	22½	+¾
217818	CI Bk Com	$21½	21¼	21⅜	
22400	C Marconi	$20¼	19¾	20¼	+⅜
15808	C Occidntal	$39⅞	39⅜	39¾	−⅛
280416	CP Ltd	$25⅛	24⅞	25	
75629	CTire A f	$15⅜	15	15⅛	−¼
8512	CUtil A f	$20¼	20⅛	20¼	
3500	CUtil B	$20¼	20¼	20¼	
25032	Canfor	$29¾	29¼	29½	−¼
1200	Canron A	$16⅜	16⅜	16⅜	
3100	Cara	$12⅜	12	12⅜	+⅜
200	Cara A f	$11¾	11⅝	11⅝	−¼
43300	Carma A	11½	11	11	
2400	Celanese	$21⅜	21	21	−¼
1600	CenFd A	$8⅞	8⅞	8⅞	
100	Centrl Tr	$21⅞	21⅞	21⅞	−⅛
80457	Cominco	$16¼	15¾	15⅞	−⅜
520950	Computng	$9	8⅝	8¾	+½
5100	Comput In	310	300	310	+10
200	Conterm	90	90	90	
9002	Con Bath A	$18⅛	18	18⅛	+⅛
7400	CDistb B f	445	440	445	+5
2032	Cons Gas	$27	26¾	27	
1520	Con Glass	$24½	24⅛	24⅛	−⅜
500	CTL Bank	345	345	345	
6900	Conwst B	$12¾	12½	12½	
175	Corby	$19¾	19¾	19¾	+¾
10800	Coseka R	110	104	108	+2
5000	Crownx	$16⅛	16	16⅛	
50258	Crownx A f	$7¾	7½	7⅝	+⅛
6200	Czar Res	204	202	204	+6
2240	Denison A p	$7	6⅞	6⅞	
29140	Denison B f	$6⅝	6¼	6¼	
12300	Dicknsn A f	$11⅝	11⅝	11⅝	+¼
400	Dicknsn B	$11½	11½	11½	
300440	Dofasco	$24¾	24¼	24¼	−½
89186	Dome Mine	$17	16¾	16⅞	
186360	Dome Pete	115	110	113	+1
1200	D Textile	$20¼	20	20⅛	−⅛
28950	Domtar	$19¾	19⅜	19⅝	+½
100	Donohue	$38	38	38	
400	Du Pont A	$29¾	29¾	29¾	−⅛
58797	Dylex A	$15¾	15⅝	15¾	+⅛
86800	Echo Bay	$47	46¾	47	+⅛
600	Emco	$13¾	13¾	13¾	−¼
2400	FCA Intl	$16⅞	16¾	16¾	
68167	Fcnbrdg	$21⅜	21⅛	21⅛	−⅛
30345	Fed Ind A	$17	16¾	17	
10700	Fed Pion	$13	12⅞	13	+¼
12200	FCity Fin	$19	18⅞	18⅞	
80	Ford Cnda	$174¼	174	174¼	
6800	Gandalf	$11	11	11	+⅛
6200	Geac Comp	280	275	275	−5
590	Gibrltar	$11⅜	11⅜	11⅜	+⅛
30200	Goldcorp f	$10¼	9½	10⅛	+⅜
78300	Grafton A f	$14	14	14	−½
200	GL Forest	$46	46	46	+1
1000	Greyhnd	$27½	27½	27½	+¼
4600	GuarPA f	$18½	18⅛	18⅜	−¼
34398	Gulf Can	$29¾	29½	29⅝	
800	Hawker	$27	26¾	26¾	+¼
4833	Hayes D	$11⅞	11¾	11⅞	+⅛
75467	Hees Intl	$25⅛	24¾	24⅞	+⅝
13871	H BayMn s	$9⅝	9⅜	9⅜	−¼
4244	H Bay Co	$23½	23⅜	23½	+¼
45306	Imasco	$35⅝	35⅜	35½	−⅛
52813	Imp Oil A	$73½	71⅜	73½	+2⅝
182686	Inco	$23⅛	22⅞	22⅞	−¼
250	Indal	$13½	13½	13½	−¼
550	Inland Gas	$14½	14½	14½	
48250	Innopac	$10	9⅝	10	+⅜
8250	Inter City	$19¼	19	19¼	
302750	Intl Thom	$14	13⅝	14	+⅜
18600	Inpr Pipe	$51	50¾	51	+⅛
10	Ipsco	$11	10¾	10¾	
4250	Ivaco A f	$14¾	14⅝	14¾	+⅛
1100	Ivaco B	$15	15	15	
9520	Jannock	$20⅜	20⅛	20⅛	−¼
54	Kerr Add	$23	23	23	
200	Kiena Gld	$20	20	20	
52909	Labatt	$26⅜	25¾	26¼	+⅜
15419	LL Lac	$40⅝	40¼	40½	−⅛
12200	Lacana	$17¼	17	17¼	+⅜
23650	Laidlaw A	$21⅝	21¼	21⅜	+⅛
362195	Laidlw B f	$20½	19⅞	20	
28950	Leigh Inst	$5½	5¼	5¼	−⅛
3450	Loblaw Co	$15¼	15	15⅛	−⅜
2850	Lumonics	$11¾	11½	11¾	+⅜
900	MICC	$16⅞	16⅝	16⅝	
800	MSR Ex	300	300	300	+15
39475	Mclan H X	$19⅝	19⅝	19¾	−⅛
146254	Macmillen	$27	26¼	26⅝	+½
56335	Magna A f	$25	24¾	24⅞	+⅛
4505	Maritime f	$15¾	15½	15⅝	−⅝
2981	Minrl Res	405	405	405	
14405	Mitel Corp	$6¼	6	6	−⅛
1000	Moffat	$15⅞	15⅞	15⅞	+⅛
4273	Molson A f	$24¼	23⅞	23⅞	−⅜
3200	M Trusco	$14⅝	14⅛	14⅛	−⅛
114325	Moore	$34⅝	34⅛	34¼	+⅛
28	Murphy	$31	31	31	
131229	Nat Bk Can	$14⅛	14	14⅛	−¼
5710	Nt Vg Trco	$24¼	24	24	−¼
200	Nfl CapA f	$12	12	12	
75833	Nfld LP A	$20¾	20¼	20½	+⅛
189213	Noranda	$28⅜	28⅛	28¼	−¼
40246	Norcan	$26⅝	26⅛	26⅝	+⅜
15817	Norcn ord f	$23½	23¼	23½	+¼
2000	NC Oils	$17¼	17¼	17¼	+⅛
105400	Nor Tel	$28⅜	28⅛	28⅜	−¼
1300	Northgat	$9⅞	9⅞	9⅞	
88290	Nva AltA f	$9	8¾	9	+⅛
158385	Nowsco W	$20½	19½	20⅜	+1
31800	Nu West	38	35	35	
22000	Numac	$11	10⅞	11	+⅜
500	Oakwood	315	310	315	+25
4000	Oakwd A f	185	175	175	−5
3300	Ocelot B f	$5¼	5⅛	5¼	+⅛
3700	Omega Hyd	$8½	8⅛	8⅛	−⅛
2000	Oshawa A f	$22	21⅝	21⅝	−⅝
36125	PacW Airl	$25⅛	25	25¼	+⅛
70260	Pgurin A f	$14½	14	14¼	−⅛
30150	Pamour	$14½	14	14½	+¼
4410	PanCan P	$33¾	33⅛	33⅜	+½
43444	Pegasus	$23¾	23¼	23⅜	
41204	Pembina	$18¼	18	18	
8000	PJewl A f	$13⅞	13⅞	13⅞	−⅛
700	Pine Point	$13	13	13	
75020	Placer D	$20¼	19¾	20⅛	+⅜
23050	Poco Pet	$16⅜	15⅞	16⅛	+⅝
111800	Powr Cor f	$16¾	16½	16⅝	
150	Precamb	365	365	365	−5
100600	Provigo	$12	11⅞	12	−⅛
10000	Que Sturg	$6⅜	6	6¼	+⅛
18	Que Tel	$14⅜	14⅜	14⅜	
110200	Ranger	$7¾	7½	7¾	+⅛
18400	Rayrock f	$12	12	12	+¼
5100	Redpath	$13⅛	12⅞	12⅞	−¼
6000	Regionl R	355	345	350	+20
4200	Reitman A f	$23½	23½	23½	+¼
6568	Rio Algom	$21½	20¾	21½	+¼
100	Rogers A	$21¼	21¼	21¼	+¼
11221	Rogers B f	$21½	21¼	21¼	+¼
940	Roman	$16¼	16	16	−¼
13200	Rothman	$79	79	79	−¼
419823	Royal Bnk	$33⅞	33½	33⅞	+¼
184502	RyTrco A	$17½	17	17¼	
1670	Scotts f	$11⅝	11½	11½	−⅛
1900	Scotts C	$12⅛	11⅞	12⅛	+⅛
25549	Seagram	$103⅜	102⅝	102⅝	−⅜
102966	Sears Can	$11⅝	11¼	11⅝	+⅜
5300	Selkirk A f	$18¾	18½	18½	−⅜
58075	Shell Can	$47⅜	46⅝	47¼	+⅞
1400	Sherritt	$6	5¾	5¾	−¼
500	Sigma	$18¾	18¾	18¾	
4815	Southm	$23	22¾	23	
16740	Spar Aero f	$20⅜	19½	19½	
2100	Stelnbg A f	$36¾	36½	36½	+½
19892	Stelco A	$24½	24⅛	24⅜	+⅛
3820	Teck B f	$30⅞	30⅜	30½	−⅛
4200	Tele Met	$29¾	29½	29½	−½
24500	Terra Mn	250	245	245	
37613	Texaco Can	$36¾	36¼	36½	+½
31260	Thom N A	$33½	33¼	33½	+⅜
156831	Tor Dm Bk	$29¾	29⅜	29¾	+¼
600	Tor Sun	$20½	20½	20½	−½
42738	Torstar B f	$31¼	31	31¼	+¼
34500	Total Pet	$26¼	25½	25⅝	+⅛
3761	Traders A f	$67	66½	67	−1
1213	Trns Mt	$16	16	16	−¼
6541	TrnAlta UA	$29⅝	29¼	29¼	−⅛
214671	TrCan PL	$17⅝	17¼	17⅜	−⅛
53575	Trilon A	$20	19¾	20	+⅛
321425	Trimac	$5	480	495	+15
7100	Trinity Res	85	84	85	
1640	Trizec A f	$33⅝	33½	33⅝	+⅛
1224	Trizec B	$33½	33½	33½	+½
7250	Ulster P	275	266	275	+5
4000	Un Carbid	$17⅞	17⅞	17⅞	
4775	U Entprise	$12¼	12⅛	12⅛	
27700	Versll A f	71	70	70	−5
60300	Versll B	67	64	64	−3
1500	Vestgron	115	105	115	+15
4700	Vulcan Ind	295	295	295	−5
280	Wajax A	$14¾	14¾	14¾	
24300	Wcoast T	$18½	18¼	18¼	−¼
4000	Westmin	$11½	11¼	11½	+⅛
5060	Weston	$41¾	41½	41¾	+¼
12800	Woodwd A	$6¼	6	6⅛	

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices June 29

Sales	Stock	High	Low	Close	Chng
21654	Bank Mont	$33⅝	33⅜	33⅜	
1355	BombrdrA	$23⅝	23	23⅝	+⅜
23782	BombrdrB	$23½	23¼	23⅜	+⅛
12050	CB Pak	$23⅜	22¾	23⅛	+¼
41462	Cascades	$12¾	12⅛	12¾	+⅜
14600	ConBath	$18⅛	18	18⅛	+⅛
2086	DomTxtA	$20¼	20	20¼	
400	MntTrst	$14¼	14¼	14¼	−¼
223536	NatBk Cda	$14⅛	14	14⅛	−⅛
28952	Noverco	$12¼	12	12	−¼
77654	Power Corp	$16¾	16½	16¾	+⅛
26110	Provigo	$12⅛	11⅞	11⅞	−¼
2400	RollandA	$15½	15¼	15½	
158120	Royal Bank	$33⅞	33⅜	33⅞	+⅜
2200	SteinbrgA	$36¾	36½	36¾	
11600	Video Tron	$15⅞	15½	15⅞	−⅛

Sales 4,182,504 shares

Indices

NEW YORK-DOW JONES

	June 29	June 26	June 25	June 24	June 23	June 22	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,446.91	2,436.88	2,451.05	2,428.41	2,438.73	2,445.51	2445.51 (22/6/87)	1927.31 (2/1)	2445.51 (22/6/87)	41.22 (2/7/32)
Transport	1,029.5	1,028.79	1,030.25	1,027.20	1,026.27	1,027.28	1029.53 (12/6/87)	816.38 (2/1)	1029.53 (12/6/87)	12.32 (8/7/32)
Utilities	207.22	207.11	210.10	207.51	208.14	208.76	227.83 (22/1/87)	191.39 (28/5)	227.83 (22/1/87)	10.5 (8/4/32)
Trading vol	—	158.54m	172.52m	154.18m	185.27m	178.21m	—	—	—	—

	June 19	June 12	May 29	Year Ago (Approx)
Ind Div Yield %	2.81	2.83	2.83	3.65

STANDARD AND POORS

	June 29	June 26	June 25	June 24	June 23	June 22	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	358.56	355.73	357.67	355.75	357.84	358.14	353.22 (17/6/87)	274.58 (2/1/87)	353.22 (17/6/87)	3.62 (21/6/32)
Composite	307.88	307.20	308.88	306.86	306.43	308.85	309.65 (22/6/87)	246.45 (2/1/87)	309.65 (22/6/87)	4.40 (1/6/32)

	June 24	June 17	June 10	Year Ago (Approx)
Ind div yield %	2.48	2.42	2.48	3.77
Ind. P/E Ratio	23.46	23.25	22.71	21.54
Long Gov Bond Yield	8.4	8.48	8.73	—

N.Y.S.E. ALL COMMON

June 29	June 26	June 25	June 24	1987 High	1987 Low
172.89	172.87	173.55	172.49	173.77 (22/6)	141.81 (2/1)

RISES AND FALLS

	June 26	June 25	June 24
Issues traded	1,938	1,986	1,937
Rises	581	931	614
Falls	893	587	895
Unchanged	444	438	427

TORONTO

	June 29	June 25	June 24	June 23	1987 High	1987 Low
Metals & Minls	2,783.3	2,771.8	2,761.1	2,771.8	2,843.6 (11/5/87)	1,898.2 (2/1/86)
Composite	3,733.5	3,786.6	3,832.6	3,881.8	3,881.2 (6/4/87)	3,087.8 (2/1/86)
MONTREAL Portfolio	1,894.84	1,885.69	(c)	1,873.89	1,935.8 (6/4/87)	1,534.2 (2/1/86)

* Indicates pre-close figure

	June 29	June 26	June 25	June 24	1987 High	1987 Low
AUSTRALIA All Ord (1/1/80)	1761.9	1748.3	1742.9	1739.5	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1033.1	1006.6	1007.6	1005.1	1287.5 (18/5)	729.1 (2/1)
AUSTRIA Credit Aktien (30/12/84)	(u)	182.26	182.57	183.54	230.60 (2/1)	182.21 (19/6)
BELGIUM Brussels SE (1/1/84)	4800.76	4793.60	4785.54	4764.51	4800.76 (29/6)	3987.86 (9/1)
DENMARK Copenhagen SE (3/1/83)	(u)	208.64	209.24	209.56	217.57 (22/1)	189.64 (6/1)
FINLAND Unitas General (1975)	554.4	552.9	544.90	544.8	554.4 (20/6)	425.2 (5/1)
FRANCE CAC General (31/12/82)	(u)	401.40	397.80	405.0	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	101.70	100.80	98.90	99.9	117.2 (26/3)	97.8 (2/1)
GERMANY FAZ Aktien (31/12/58)	624.68	625.01	621.94	614.64	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1892.20	1891.60	1882.50	1861.4	2048.3 (6/1)	1633.8 (19/3)
HONG KONG Hang Seng Bank (31/7/64)	3151.98	3138.68	3136.31	3178.98	3178.98 (24/6)	2449.88 (20/1)
ITALY Banca Com. Ital (1972)	696.18	702.09	702.05	703.08	767.34 (30/4)	673.60 (3/3)
JAPAN** Nikkei (16/5/49)	24509.41	25049.83	25031.35	24892.75	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2076.91	2130.64	2134.25	2117.09	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS ANP CBS Gen (1970)	306.60	305.60	303.40	301.10	306.60 (29/6)	257.7 (28/1)
ANP CBS Indust. (1970)	262.50	263.00	261.70	258.80	274.9 (5/1)	243.60 (11/6)
NORWAY Oslo SE (4/1/83)	429.57	431.46	429.45	431.37	436.16 (24/4)	361.98 (2/1)
SINGAPORE Straits Times (30/12/66)	1265.70	1260.77	1256.66	1252.40	1265.70 (29/6)	889.08 (2/1)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	2032.0	2021.0	2042.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1914.0	1906.0	1897.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN Madrid SE (30/12/85)	246.87	242.83	240.78	239.14	255.95 (23/2)	202.89 (8/5)
SWEDEN Jacobson & P. (31/12/56)	2711.40	2709.68	2709.60	2718.90	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND Swiss Bank Corp (31/12/58)	612.70	612.0	610.1	605.90	613.30 (22.6)	564.5 (25/2)
WORLD M.S.Capital Intl. (1/1/70)	(u)	470.10	470.30	469.50	480.30 (12/6)	361.3 (2/1)

**Saturday June 27: Nikkei Index: 24,902.72.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Bk Tx grp	6,429,000	⅞	—
ATT	3,038,000	28½	−⅛
Sou Calif	2,801,600	31⅜	−1½
Gillette	2,478,000	39⅝	+⅛
Roch Gas	1,729,300	18⅛	—
Hanson Trust	1,688,400	14½	—
US Air Gr	1,580,400	47⅝	+⅝
Dayton Hud	1,570,800	51	+1
Tandem Hud	1,510,300	31⅛	−⅛
Ford Motor	1,450,200	102	+2⅛

LONDON — Most Active Stocks
Thursday, June 25, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	12.6m	181	+2
Gen Elect	11.9m	241½	+2½
Hanson Tr.	11.6m	176	−½
Britoil	10.6m	318	+4
Lonrho	8.1m	279	+13
Plessey	7.2m	227½	−1½
ASDA-MFI	6.2m	194	+1
Sears	4.8m	155	−1
Shell Trans.	4.8m	£14¾	+⅛
Brit Telecom	3.9m	281	−4

TOKYO — Most Active Stocks
Monday, June 29, 1987

	Stocks Traded	Closing Prices	Change on Day
Mitsubishi Elec	39.55m	640	−13
Nippon Steel	15.82m	315	−10
Sumitomo Light M.	13.43m	448	−8
Cosmo Oil	10.80m	688	−22
Teikoku Oil	10.25m	940	−18
Hitachi	9.19m	1,170	−10
Yamato Kogyo	8.54m	1,110	+70
Mitsubishi Heavy Ind.	8.15m	595	−21
Nippon Oil	7.84m	1,380	−60
Matsushita Elec Ind	7.83m	2,220	uch

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Acs. Jwlry	278	+110
Alex. Hldgs.	57½	+11½
Brnt Walker	361	+28
Brit. Land	317xd	+12½
BP	389	+10
Camf. Eng.	188	+21
Carless Cap.	128½	+9
Christies Intl.	567	+16
Cohen (A.)	795	+60
Cory (H.)	42	+8
Dowty	284	+10
Enterpr. Oil	305	+13
Ford (Mart)	188	+13
Kenn. Smale	296	+38
Lnd Secs.	577	+15
Lonrho	279	+13½
Pearson	723	+18
Pentos	180	+18
Rosehaugh	£11⅜	+⅜
Schroders	£12	+1¼
SelecTV	40	+7
Stew. Wrightson	585	+85
Wigfalls	288xd	+54½
Wyndham	256	+18

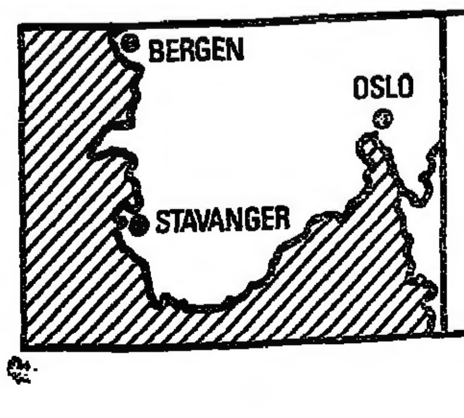
FALLS:

Treas. 13¼pc 2004-08	£135¹⁹⁄₃₂	−²³⁄₃₂
Atlantic Comps	750	−88
England (J)	166	−14
London Intl.	304	−12
Redfearn Glass	554	−34
Willis Faber	400	−37

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
OpticR	27 393	26½	26	26	−¼
Oracles	61 2697	22½	20½	21⅛	−½
Orbit	13 231	10	9¾	10	
OshBA .54	25 221	80	79	79	
OshkTB .30	10 26	29¼	28¾	28¾	
OttrTP 2.92	12 63	43	42¾	42¾	−¼
OwenMn.32	15 150	19⅝	19¼	19⅝	+⅛
P Q					
PACE	137	6⅞	6⅝	6⅞	+⅛
PCS	55 180	u29¾	29	29¾	+¼
PNC 1.88	11 939	49	48⅞	48⅞	−¼
Pacer 1.80a	21 221	71¾	71	71	−½
PacFst .20e	5 622	22¾	22⅝	22⅝	−⅛
Pantera	46 94	13¼	13	13¼	+¼
Parisan	18 127	18½	d17¾	17¾	−¾
PaulHr	24 174	25¼	24¾	25¼	
Paychx	43 258	26	25½	26	+½
Payco	32 26	13¼	12½	13¼	+1
PegGld	50 646	17¾	17⅛	17½	+⅛
Penbcs .88	13 39	29½	29	29¼	+¼
PenEar .60	16 255	28½	28	28½	+½
Penwst	16 170	47	46	46	−1
PeoBnC 1	61 181	69½	69	69¼	
PeopHrt.09e	272	20⅛	19½	20⅛	+¼
PSBMas .50	170	17	16½	16⅝	
PeoWst	192	26¾	25½	25½	−⅛
PercTc	27 5	17	17	17	+¼
PerpSs	7 778	12⅝	12⅛	12⅝	+⅛
Petrite 1.12	29 28	35½	35	35¼	+¼
Phrmct	2107	6⅛	d 4⅞	5	−⅜
Phrmct.15e	31 263	24⅛	23⅞	24	
PhnxRe	85	11½	11¼	11½	+¼
PicSave	24 1186	25½	24¾	24⅝	−⅝
PicCafe .46	16 1	20½	20½	20½	
PionHi 1.04	20 2800	37⅜	34½	36¾	+2⅛
PlyFve	18	12½	12¼	12⅜	−⅛
PlcyMg	27 401	25½	24	24¼	−1¼
Porex .10e	10 29528	34	32½	33	−¾
Possis	24	13½	13	13½	
PoughSv.10e	6 55	16	15½	16	+⅜
PrecCst .08	27 392	38¼	35½	38¼	+½
PresLfe .08	8 31	17½	17	17½	
PrcInCp .50	16 430	16¾	16½	16½	
Priam	731	4⅝	4½	4⅝	
PriceCo	32 435	46¼	45½	45¾	
PrceTR	20 11	39½	38	39	
PrinvD .16b	68 233	10¾	10⅝	10⅝	
ProsGp	494	10⅜	10	10⅛	
ProtLfe .70	10 752	14⅛	13⅝	13⅞	−⅛
PrvLfe .84	6 623	20⅛	19⅝	20⅛	+⅝
PgSdBs .72	11 97	26¼	25⅞	26	−¼
PulizPb .40	36 4	41⅜	41⅜	41⅜	−¾
PuntBs	25 294	27¼	27	27	
PyrmT	41	10¼	10⅛	10⅛	−⅛
QMeds	937	11½	11⅛	11⅜	+⅜
QVC	171	10¼	10	10¼	
Quadrx	167	9⅝	9⅛	9½	−¼
Quantm	17 782	16¼	d15¼	15½	−½
Quiksiv	20 40	11⅝	11½	11⅝	+¼
Quixte	510	13¼	12⅞	12⅞	−¼
R R					
RPM .72	20 630	21½	21¼	21¼	−¼
RadSys	14 69	9¾	9½	9½	−⅛
Rainer 1.16	16 728	53⅜	53	53⅜	+⅜
Reeves	17 318	10	9⅞	9⅞	−⅛
RgcyEl .20	139	6⅛	5⅞	6	
Regina	30 134	41¾	40	40¼	−1½
RntCtrs	31 27	21½	21¼	21¼	−¼
Repign	477	16½	17¾	18	−¼
RepAm.20e	10 1685	17⅛	17	17⅛	+⅛
ReutrH .59e	902	83¼	82½	83	−¾
Rexon	24 845	9¼	9	9¼	+¼
ReyRy .76	15 107	33½	32½	32½	−1
RhonPl	353	31⅞	31⅝	31¾	
Ribilm	338	10⅝	10¼	10⅝	
RchmHl	345	16⅛	16⅛	16¼	
RiggsN1.10	12 201	29¼	28¾	29¼	
RoadSv1.10	21 371	37½	36¾	36¾	−½
RochCS	4010	13¼	12	13	+¼
RgrCbA	10	15¼	15	15⅛	−⅛
RsvltFd	55	9⅛	8⅞	9⅛	+⅛
RoseBs.16a	15 27	18⅜	18¼	18⅜	
Rospch.15j	98	18⅞	18½	18⅞	
RossStr	1454	8¼	8	8⅛	
Rouses	40 8011	24¼	23¾	24¼	+¼
RyanFs	57 1445	13⅜	13¼	13⅜	+½
S S					
SCI Sys	27 498	19⅜	19½	19⅜	+⅛
SCORU	18 246	14⅛	13⅝	14⅛	
SEIs	240	17	16½	17	+¼
SHL Sys	286	19	18⅝	18⅝	−⅛
SKFAB1.47e	154	54⅝	53⅝	54⅝	+1
SPIPh .07	352	10½	10	10½	+¾
Satchis .87l	578	32½	32⅛	32⅜	+⅛
Salecds .24	24 2723	20¾	20	20⅜	−⅜
Safecos .96	8 268	31⅜	31¼	31¼	
SageSft	37 341	16¼	15	15¾	−½
StJudes	19 460	24¾	24⅝	24⅝	
StPauls1.76	11 803	47¼	46¼	46¼	−¾
SalCpt	10 77	9⅝	9½	9⅝	+¼
Salick	19 229	11	d10½	10½	−½
SFFdl	156	16⅜	16	16⅜	
Santrds	21 17	28½	28	28½	+½
ScanTrs	17 7	11¾	11⅜	11⅜	−¼
Scherer .32	23 112	18¾	18⅝	18⅝	−½
Scholas	82	44⅝	44½	44½	
SchlAs .40	16 1546	31½	30⅜	30⅜	−¾
Scmdo	225 272	11½	11⅛	11¼	+⅛
SciMic	102 232	6⅞	6	6⅞	+⅝
ScotCb	59	25¾	25⅝	25¾	
Seagate	15 26132	34⅝	33⅞	34¼	+⅞
SeamF	325	24	23½	23¾	+¼
SEEQs	86	8⅞	8¾	8¾	+⅛
Selctins .92	12 231	26	25⅝	25⅝	−⅜
Sensor .05	29 412	12	11¾	11¾	−¼
SvcMer .08	1119	8	7⅞	8	
SvOak .16	13 57	12¼	12⅛	12⅛	−⅛
ShrMed .72	22 2369	29⅞	28¼	28½	+⅛
Shwmt 2.04	8 135	46⅜	46	46⅜	+¼
Sheldls	27 186	9	8½	8¾	
Shoneys .16	35 580	30⅜	30	30	
Shorwd	17 616	19½	19	19¼	
SigmAl .26	31 40	45¼	44¾	45¼	+¼
SigmDs	20 217	14¾	13¾	14¼	−¼
SlicnGr	54 1015	19⅝	19	19⅜	−⅛
SiliconS	22 142	9⅞	9⅝	9⅝	
Silicnx	24 424	10½	10	10½	+¼
SilvLis	200 45	6	5⅞	6	+⅛
SlvStMn	39 835	2 7-16	2 5-16	2 5-16	−1-16
SimAir	7 27	8½	8¼	8½	
Sizlers	25 295	20	19½	19¾	−¼
SmthFs	11 21	21¼	20¾	20¾	−¼
Socielys1.20	10 15	34¼	34	34¼	
SocrySv .36	11 31	22	21½	21½	−¼
SoftwA	19 187	13½	13⅛	13½	+⅛
SlhwPb	20 397	9⅛	8¾	9	
SomrSv	25	13⅛	12⅞	12⅞	−¼
SonocPs	22 169	29¼	29	29¼	
SCarNs .58	11 28	22⅝	22½	22⅝	+⅛
Sounet	27 2	20	20	20	+½
SthdFn	710	8	d 7	7¼	−⅝
Soutrst .80	10 18	23	22⅞	22⅞	−⅛
Sovran 1.36	10 774	38⅛	37⅞	38⅛	
Speedy	60 65	44⅝	44⅜	44¾	+⅛
StdMic	221	13	12⅝	13	+¼
StdRegs .44	21 290	25¼	24⅝	25¼	+¼
StrptSv1.42e	93	14¼	14⅛	14⅛	−¼
Stars	437	11	10	10	−½
StaStBs .44	15 1039	31½	31¼	31½	+¼
Strlinc	17 511	27¾	26⅞	27¼	+¾
Stwlrd .76	9 21	19½	18¾	18¾	
Stratus	49 1174	36	35	35½	+¼
StrwbCL.88b	15 9	45	44½	45	
Strykrs	38 48	u25½	25	25½	+¼
StudLvl	169	67½	67⅛	67½	+½
Subaru .35	7 2212	12⅛	11⅞	12	−⅛
SuffFin .20	16 117	15½	15¼	15½	
SumHB .72	14 97	29½	29	29½	
SunGrd	135	18⅜	18¼	18¼	−⅛
SunMic	38 4842	39⅞	38¾	39½	
Sunwsts 1	10 13	31½	30¾	31½	+⅜
SymbT	58 917	u33	32½	32⅞	−¼
Symblic	3546	4½	4	4⅛	+1-16
Systin	10 439	10½	10	10⅛	−⅛
Syslntg	13 64	8⅞	8⅝	8⅝	−⅛
SySoftw	286	17½	17¼	17½	−⅛
Systmt .12	26 105	25¾	25¼	25¼	−¾
T T					
TBCs	15 386	14⅛	13½	14⅛	+⅜
TCA .24	10	25⅜	25⅜	25⅜	
TCBYs	41 375	17	16	16½	+½
TCF	4 309	11⅝	11⅛	11½	
TMK .20e	14 26	12	12	12	
TPI En	188	5	4⅝	4⅝	−⅛
TS Inds	100 256	22	21¾	22	
TSO	9 88	9⅞	9¾	9⅞	+¼
Talman	101	10⅝	10⅝	10⅝	
Tandon	9 1089	5⅝	5⅜	5½	−⅛
Taunton.12e	70	14	13¾	14	+⅛
TchDtas	20 85	11¾	11	11½	+⅛
Teknwd	243 435	17⅞	17	17	−½
TlcmAs	34 970	35⅞	35⅜	35½	−⅛
Telcrds .24	455	38¼	37⅜	37⅜	−½
Telmatc	529	14	13½	13½	−⅛
Tellabs	19 1329	12¼	11⅞	12⅛	+⅛
Telxon .01e	29 117	25	24¾	24¾	
Tennant .96	19 491	32⅛	31½	32⅛	+⅜
3Com	26 1852	20¼	19½	19⅞	+¼
TokioFs	85 289	75	74½	74½	−4
TopMkt	25 817	33¼	33¼	33¼	−⅛
TWAsf	4	40½	40½	40½	+1
TrnMus	28 107	u38	36⅞	38	+1¼
Trmack	36 200	14⅛	14⅛	14⅛	−⅛
TriStar	18 285	9⅞	9⅝	9¾	−⅛
TriadSy	24 488	12⅞	12⅛	12¼	−⅜
Trimed 1	142	15¼	15¼	15½	
TrusJos	16 61	20½	20	20	−½
Tsrtcp 1.28	30	30	29½	29½	
20Cntn .32	17 554	23⅝	23	23⅝	+⅛
TycoTy	10 254	11⅞	11½	11⅝	
Tysons	21 1580	19⅝	18⅞	19⅛	−¼
U U					
UTL	23 159	16¼	16	16	
Ungmn	844 591	13¼	12⅞	12⅞	−⅜
Unifi	18 1878	15¾	14⅞	15⅜	+⅜
UnPlntr.20e	15 29	35	34¾	34¾	
UACm .04	175 202	28	27¾	28	
UBCol .54j	11 2299	18⅝	18⅜	18⅜	−⅛
UHltCr	18 384	7	6⅝	6⅝	−¼
UtdSvrs .72	7 128	25¾	24¾	24¾	−½
US Bcs .86	11 624	28⅝	27⅞	28¼	+¼
US HltC .16	20 3419	14	13½	13⅞	+⅜
US Trs 1	12 85	35⅝	35½	35½	−¼
UStatn .24	30 61	19½	18¾	18¾	−½
UVaBk 1.04	11 170	30¾	30¼	30¾	+¼
UnvFrs	17 184	18	17¼	18	
UnvHlt .33e	19 201	7⅞	7¾	7⅞	
V V					
VBand	27 77	28¼	28½	29	
VLI	180	4½	4⅜	4⅜	−⅛
VLSI	230 1267	14⅝	14¼	14½	+¼
VM Sftw	29 30	23	22¾	22¾	−¼
ValidLg	244 232	5	4⅞	4⅞	
ValFSL	6 26	16	16	16	+¼
ValNtl 1.44	8 1546	40⅝	40	40	−⅜
Vicorp	59	10	9⅞	10	
ViewMs	19 517	14½	13⅝	14	−½
Viking	13 305	17¾	17¼	17¾	+¼
Vipont	94 75	17	16⅝	17	+¼
Viratek	1966	14	12⅞	13¼	+¾
Volvo 1.29e	64	46¾	46⅜	46⅜	−¾
W W					
WD 40 1.82a	28 65	34¼	33¼	33¾	+½
Walbro .40	11 17	21¼	21	21¼	+¼
WaltSv .14e	8	13	12⅞	13	+⅛
Warren	16	9⅝	9½	9½	−⅜
WashEa1.25	7 206	17	16⅝	16⅝	−¼
WFSLs .80	8 32	28½	28	28	−½
WMSBs .48	5 3614	38	36⅝	37⅞	−¾
WatrlGl.40e	16 305	20⅞	20⅝	20⅞	+1⅛
Wattsind.08e	19 60	22	21¼	21¼	−¾
WausP .46	13 48	29¾	29¼	29¾	+¼
WbstFn	116	11⅝	11½	11½	
Welbilt	16 13	32½	32½	32½	
Westcp	12	8¼	7¾	8¼	
WstAut	24 47	11	10½	10½	−½
WstCap	9 281	15¼	15⅛	15⅛	−⅛
WstFSL.10e	4 242	19⅝	18⅝	19⅛	−½
WnWste	25 87	23⅝	23	23½	+½
WstnPb	15 711	15⅝	15¼	15¼	−⅛
WtTIA	12 129	17¼	16⅞	17	−¼
Wetrnk	580	23¼	22½	23	−¾
WmorC .60	19 13	22⅝	22⅝	22⅝	
WstwOs	37 61	27	26¾	26¾	
Wettra1.04b	18 70	50	49¼	49½	−½
WilyJA 1.10	35 36	41½	40½	41½	+1
WillamtI.08	14 406	49¼	48½	49¼	+1
WilHAL	15 278	18¾	18⅛	18⅜	+¼
WlSFS	10	14¼	13⅝	14¼	+½
WilmTs .72	14 70	29¼	29	29¼	+¼
WilsnF	14 255	10	9⅞	10	+⅛
Windmr	20 1462	u11⅛	10½	10⅞	+¾
WiserO .40	190 86	19	18⅝	19	+¼
Woburn .20	11	11⅞	11⅞	11⅞	+⅜
WCYS .10e	329	14⅛	14	14⅛	+⅛
WOW	16 950	13⅝	13⅜	13⅝	+⅛
Worthgs .36	22 1035	22⅜	22	22¼	−⅛
Wyman .80	21	18	17¾	18	+½
Wyse	18 1304	27	26⅝	26⅞	+⅛
X Y Z					
XL Dts	51 42	19½	18½	18¾	−½
XOMA	467	20½	19¾	20½	
Xicor	578	11⅝	11¼	11⅝	
Xidex	39 447	11⅝	11⅜	11⅜	−⅛
Xylogic	20 382	16¾	15¾	16¾	+1⅛
Xyvsn	37 193	16¼	15⅞	16¼	+¼
YlowFs .82	17 931	34¾	34½	34¾	+⅛
ZZBest	9395	5⅝	4¾	5⅛	−⅜
ZZBstwt	1670	3⅞	3	3⅛	−⅜
ZenNtl .80	12 126	21¼	20¾	20¾	
ZionUt 1.44	13 12	42½	42½	42½	
Zondvn	267	14½	14¼	14½	+⅛



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
	65	SequaA15e	.2	14	40	72¾	72½	72½	−½	
	19⅛	SvcCp s .40	1.6	20	3075	25⅜	24⅝	24½	−⅞	
	6⅜	SvcRes		26	68	15	14½	15	+⅝	
	21	Svcmstr.85a	2.7	26	781	31½	30¼	31½	+1⅜	
	17½	Shaklee .72	3.1	5	181	23¼	23⅛	23⅛	−⅛	
	18¼	Shawin 60	2.6	14	67	24	23½	23½	−½	
	28	ShLeh n.19e	.7		666	29¼	29⅛	29⅛	−¼	
	14¼	Shelby .24	1.4	20	108	18	17¾	17¾		
	48¼	ShellT 3.79e	4.1	19	2256	u91⅞	91½	91⅞	+1⅝	
	22¾	Shrwin .56	1.6	15	543	35½	35	35¾	−⅜	

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21⅞	14⅜	URS			17	71	17⅜	17¼	17⅜	+⅜
48¾	35¼	USFG	2.48	6.4	9	2859	39	38⅛	38½	−⅝
62	52½	USFG pf4.10		7.7		15	53⅞	53	53⅛	−⅛
46½	31	USG	1.12	3.0	8	820	37	36½	36⅞	−¼
29¼	20½	USLICO88		3.6	8	262	24⅛	23	24⅛	+⅞
49⅜	17⅝	USPCI s			53	364	43¾	42¾	43½	−¼
29⅝	19⅛	UST s	1.20	4.6	14	654	26⅛	26	26	
33¼	14½	USX	1.20	3.8		14779	32	31⅝	32	+⅝
48⅜	23⅝	USX pf3.98e		8.7		16	45⅞	45¾	45⅞	+⅝
29½	22⅞	USX pf 2.25		8.1		1780	27¾	27⅛	27⅝	+½

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X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81¼	45⅝	Xerox	3	3.8	19	2783	78⅜	78	78¼	−⅝
58¼	54⅜	Xerox pf5.45		10.		27	54⅞	54½	54½	−⅜
28¾	21½	XTRA	.64	2.5		203	25½	25¼	25⅜	−⅜
27¼	15	Yorkin			17	45	27⅛	26½	26¾	−⅛
6	2¼	Zapata				1541	4¾	4⅝	4⅝	+⅜
43⅞	20¾	Zayre	.40	1.4	17	3781	27⅞	27¼	27⅜	−⅜
14¾	9¾	Zemex	.40	3.1	6	14	13	12⅞	13	
29⅝	18⅞	ZenithE				318	26½	26⅛	26¼	
17	8	ZenLab				1100	10⅝	10⅜	10½	−¼
19½	12⅝	Zero	.38	2.2	17	119	18⅝	18½	18½	+⅛
53⅛	32¾	Zurnin 1.36		2.6	18	58	52⅞	52⅝	52⅞	+½
10⅝	8¾	Zweig n.10e		1.0		3181	10	9⅞	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER Nasdaq national market, closing prices

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Continued on Page 43

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Strong oils lead to small gains as bonds ease

STRONG oils helped Wall Street share prices edge ahead on moderate trading yesterday in the face of a weak bond market, *writes Roderick Oram in New York.*

Bond prices were as much as half a point lower at the outset after poor market conditions and the prospect of higher oil prices pushed them down abroad overnight. *They* recovered late in the day to slim gains.

The Dow Jones industrial average closed up 10.05 points at 2,446.91, near its high for the day with the rise coming in the last hour. The broad market followed suit taking the Standard & Poor's 500 closing up 0.73 to 307.90 and the New York Stock Exchange composite index up 0.31 to 172.98.

But the enthusiasm for oils failed *to spill over into other stocks in the* first session of a holiday-shortened week. The markets will be closed on Friday for Independence Day celebrations.

NYSE trading volume was light at 142.9m with the number of shares declining outpacing those rising by a margin of eight-to-seven.

News that Opec had reached a production sharing agreement boosted oil prices and oil company stocks. *Exxon jumped $2¾ to $93¾,* Mobil gained $1¼ to $51⅝, Atlantic Richfield added $1⅝ to $95¾, Amoco put $2⅞ to $88⅜ and Chevron was up $1⅛ to $61⅞.

Texaco rose $1⅛ to $39⅝. The Securities and Exchange Commission said it would ask a Texas court to reconsider its judgment on the Texaco-Pennzoil suit in light of federal laws. Pennzoil fell $4 to $78⅛ on moderate volume.

Oil users, particularly airlines, were hurt by the prospect of higher oil prices. AMR slipped $⅛ to $61⅛, Texas Air was down $⅝ to $38⅞ and Trans World dropped $⅝ to $29⅝ although USAir gained $1 to $46⅝.

Korea Fund soared $10⅛ to $70⅛ on heavy volume. The closed-end fund which invests in Korean stocks was boosted by news that the chairman of South Korea's ruling party urged President Chun to accept direct presidential elections.

Marine Corp. jumped $17⅞ to $58⅜ and Marshall & Ilsley slipped $⅛ to $30 in the over-the-counter market. Marine received a $62⅛ a share takeover offer from its fellow Wisconsin bank holding company.

Di Giorgio gained $3 to $30. The food packer and distributor received an unsolicited suggestion for a recapitalisation which would give shareholders $20 a share in cash plus other securities. The suggestion came from Gabelli, a New York investment firm, which said it and its associates held a 28.59 per cent stake in Di Giorgio.

Among other takeover stocks, Dayton Hudson was unchanged at $51⅛ following tougher anti-takeover laws in its home state, and Gillette was off $⅝ to $39 after it affirmed its rejection of an offer from Revlon.

Allis-Chalmers fell $⅛ to $2⅛. The struggling Milwaukee-based engineering company filed for Chapter 11 protection in the bankruptcy courts.

Todd Shipyards fell $1⅛ to $⅝. The group, which recently failed to win a big warship order from the Pentagon, said cash flow problems would force it to defer interest payments over the next few months.

Lorimar-Telepictures fell $⅛ to $15⅛. As the television and film producer forecast last week, it turned in a net loss of $62.3m or $1.37 a share for the fourth quarter because of restructuring charges.

Wall Street's credit markets opened about ¾ of a point lower as bond prices caught up with falls overnight abroad. *They recovered* by late afternoon to leave the 8.75 per cent Treasury long bond up ⅛ of a point at 102⅞, yielding 8.48 per cent.

The drop came despite a stable dollar. One negative factor was the jump in oil prices following Opec's production agreement which carries a small threat of higher inflation and thus interest rates.

Overall, though, the problem appeared to be market conditions and psychology. Dealers have large inventories after little retail buying interest materialised for the $24.3bn of notes the Treasury auctioned last week. Moreover, the dollar has failed to rise further, perhaps because of central bank intervention.

In addition, markets are turning more attention to Washington because of an increase in political and economic news. Congress is about to resume the Iran-Contra investigation, trade bill hearings and debate on the federal Government's debt ceiling.

A number of important economic statistics are due for release this week including May's index of leading economic indicators. A rise of about 0.5 per cent is expected.

CANADA

STRONG advances by oil issues following OPEC's agreement setting oil production restrictions helped Toronto share prices to modest gains.

Among advancing oils, Imperial Oil class A rose C$1⅛ to C$72⅛, Shell Canada was up C$1 to C$47⅞ and Texaco Canada gained C$⅜ to C$36⅛.

Precious metal shares strengthened as world bullion prices climbed higher, supported by the improved oil prices. Echo Bay rose C$⅜ to C$46⅞, Placer gained C$⅜ to C$20 and Campbell Red Lake put on C$⅝ to C$33⅛. Lac Minerals, planning a flow-through common share issue, eased C$⅛ to C$40⅝.

Bank shares showed little direction. Bank of Montreal, which is considering legal action to force Dome Petroleum to solicit other takeover bids, eased C$⅛ to C$33⅛. Dome firmed one cent to C$1.13. Canadian Imperial Bank of Commerce slipped C$⅛ to C$31⅛, while Toronto to Dominion Bank rose C$⅛ to C$29⅝.

Maggie Ford reports on the share index's record daily rise

Vote call boosts Seoul bourse

INVESTORS in the Seoul stock market showed their strong approval of democratic proposals put forward by the South Korean ruling party yesterday, pushing the index up by a record daily rise of 16.65 points through the 400 mark to close at 404.16.

The market has been reacting to political factors ever since the demonstrations in favour of democratic change in South Korea started on June 10. Last week the index fell eight points on Wednesday after opposition leaders described a meeting with President Chun Doo Hwan as a failure.

The market indicator remained flat on Thursday and Friday as concern mounted in advance of Friday's major demonstration, but it gained more than five points in Saturday's half-day trading as the march turned out to be large but relatively non-violent.

Yesterday's surge takes the index over the 400 mark for the first time since March, when enthusiasm over the economy and an inflow of speculative buyers boosted confidence.

In April, the South Korean Ministry of Finance decided that this enthusiasm should be dampened and directed securities firms to sell a substantial part of their stocks. That procedure has almost been completed, analysts say, and volume continues to be light.

Turnover on Monday rose to won 43.9bn against won 30.8bn for Saturday's half-day session.

Among the leading price rises, Samsung Electronics rose 1,300 won to 31,300 won, Yukong added 1,300 won to 32,200 won and Hyundai Motor climbed 1,000 won to 24,900 won. Cheil Sugar was 1,300 won up at 33,300 won.

In addition to the stock market's rise, premiums also rose on the Korea Fund and the Korea European Fund, which are both open to overseas investors.

The Korea Fund yesterday reached 67½ after closing on Friday at 60¼, while the European Fund traded at 24–26 against 22–24 on Friday.

EUROPE

Publishers spur fresh peak in Amsterdam

EUROPEAN BOURSES, anticipating the coming summer holidays, were mainly quiet. The notable exception was Amsterdam.

Amsterdam's long-term all-share price index reached a record 308.8 yesterday, having risen 10 per cent from May 29, when it stood at 277.5.

Share analysts point to a more stable dollar, and a hostile takeover battle among publishing firms, which has stimulated share interest, as the prime reasons for the surge.

The publishing battle involves Elsevier, which on June 3 announced it would bid for rival publisher, Kluwer. Kluwer responded, on June 15 by stating that it and Wolters Samson would accelerate existing merger plans. Then, Mr Robert Maxwell, head of Britain's BPCC expressed interest in Kluwer. This spurred intense share activity.

Between May 29 and June 26, Royal Dutch/Shell rose 45 per cent to a high of Fl 265.80, KLM Royal Dutch Airlines rose 54 per cent to a high of Fl 53 on June 25, and Unilever went up 49.2 per cent to Fl 691 on June 22.

Elsevier dropped Fl 1.80 to Fl 53.50 and Kluwer was down Fl 7.80 to Fl 387.

Profit-taking was seen in some sectors but Royal Dutch/Shell, which said it was setting up a joint venture in South Korea, closed Fl 5.40 up at Fl 289.60.

Frankfurt gave way to a more sluggish trading pace and closed mainly lower after last week's high turnover. The FAZ closing index was down slightly, 0.33 to 624.68 while the Commerzbank index of 60 leading shares, calculated at mid-session, edged 0.6 points up to 1,892.2.

LONDON

STERLING's weak response to the latest Opec agreement depressed most London equities, although oils posted strong gains.

The FT-SE 100 index closed down 2.0 at 2,289.3 and the FT Ordinary index lost 6.1 at 1,784.6.

Government bonds ended with net losses of ¾ of a point after light selling spurred by sterling's weakness. Details Page 42.

Automobiles and banks led other sectors down. Volkswagen slipped 80 pfg to DM 311.00 and Porsche eased DM 7 to DM 1,017.

Deutsche Bank fell DM 6 to DM 636, Dresdner slipped DM 3 to DM 333 and Commerzbank was down DM 2.50 to DM 272.

Brussels saw thin trading, but it remained heavy in Reserve, the stock of leading holding company Société Générale. Reserve, which advanced strongly on buying from France last week, ended unchanged at BFr 3,900.

Utilities were firmer, with both Unerg and Tractebel putting on BFr 60 to finish at BFr 3,250 and BFr 7,200, respectively. Among industrials, engineer Acec, depressed by concern over its order book, continued its slide, losing BFr 16 to BFr 390.

The stock index closed at 4,800.76, up on Friday's close of 4,793.62.

Zurich closed steady, with moderate trading. A stable dollar and slightly lower short-term interest rates underpinned the market.

Credit Suisse bearer added SFr 10 to SFr 3,175 and Leu bearer was up SFr 50 to SFr 3,250. In transports, Crossair bearer was highlighted, gaining SFr 70 to SFr 1,700.

Milan closed lower, with the market's recent dull trend continuing. The MIB dropped .72 to finish at 982. Fiat, whose shareholders meet tomorrow, fell L162 to L12,799, and Montedison shed L35 to L2,400.

Madrid rose, with the market buoyed by strong interest from institutional investors. The general share index rose 4.06 points.

Stockholm closed slightly lower in very thin volume. The Veckans Affarer all-share index closed at 1000.0, down from Friday's 1001.7.

Oslo share prices closed mostly steady in thin trading, with a firmer oil index leading the gainers as a result of Norway's decision to continue output restraints in support of OPEC, according to dealers. The oil index rose 5.52 points to 280.95.

Paris closed firmer, with the AGEFI general index closing at 354.40, compared with Friday's 351.65.

SOUTH AFRICA

A STRONG bullion price helped gold shares to close mostly firmer in quiet trading in Johannesburg. However, the trend was distorted by some ex-dividend situations, according to dealers.

Randfontein led the gains, up R10 at R418. Welkom rose R1.50 to R35. But Venters and Kloof, both trading ex-dividend, fell R2.25 and 75 cents respectively at R42.25 and R43.25.

In quietly steady mining financials, Anglo American, also trading ex-dividend, *fell* R1.50 to R80. But diamonds and Platinums gained, De Beers putting on R1.25 to R40.50 and Rustenburg 50 cents to R51.75.

ASIA

Japanese shares driven down by heavy selling

TOKYO

HEAVY SELLING of domestic demand-related stocks drove share prices sharply lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average of 225 select issues, which shed 491 points from last week's close at one point, ended 393.31 points lower at 24,509.41. Volume shrank from last Friday's 965.93m shares to 506.56m. Declines led advances by 650 to 246, with 134 issues unchanged.

Investors shied away due to uncertainty over the market direction. Towards the close, investment trust companies hunted Sony, Matsushita Electric Industrial and some other high-technology stocks, bringing a rebound in this sector but no improvement in the overall market climate.

Sony closed Y20 higher at Y1,140 after losing Y60, while Matsushita Electric Industrial, which lost Y70 at one point, ended Y2,220, unchanged from last week's close.

Mitsubishi Electric, however, fell Y13 to Y649, though topping the active list with 30.55m shares changing hands. Hitachi and Toshiba dropped Y10 and Y20 to Y1,170 and Y665, respectively.

Oil issues got off to a steady start, helped by Opec's agreement in Vienna on Sunday to maintain the cartel's crude oil production ceiling at 16.6m barrels a day.

But oil stocks suffered from heavy selling in afternoon trading. Cosmo Oil, the fourth most active stock with 10.60m shares traded, ended Y22 lower at Y660 after gaining Y7. Teikoku Oil, fifth most active with 10.25m shares, dipped Y10 to Y940.

Issues which stand to benefit from domestic demand expansion declined steeply, worsening the market mood.

Properties were conspicuous losers. Mitsubishi Estate and Mitsui Real Estate lost each Y130 to Y2,790 and Y2,410 respectively.

Financial issues also fared poorly. Nomura Securities shed Y160 to Y4,490, Sumitomo Bank Y110 to Y4,120, Sumitomo Trust and Banking Y200 to Y4,090, and Tokio Marine and Fire Insurance Y60 to Y2,220.

Large capitalisation stocks declined broadly. Nippon *Steel fell* Y10 to Y315, and came out the second busiest issue, though only 15.02m shares changed hands.

Mitsubishi Heavy Industries, with 8.15m shares, slipped Y21 to Y595, while Tokio Electric Power extended its losing streak, ending Y50 lower at Y6,600.

In lacklustre trading, buying interest spread to the more speculative issues. Yamato Kogyo, with 8.54m shares traded, advanced Y70 to Y1,110.

Bond prices dipped, reflecting strong investor expectations for interest rate rises in the months ahead.

The yield in the benchmark 5.1 per cent government bond, maturing in June 1996, ended at 3.960 per cent, up from Saturday's 3.900 per cent. In inter-dealing trading later, the yield topped 4 per cent, reaching 4.015 per cent.

The yield on the benchmark issue has been continuing its uptrend since it had dipped to 2.550 per cent, coming close to the official discount rate of 2.5 per cent.

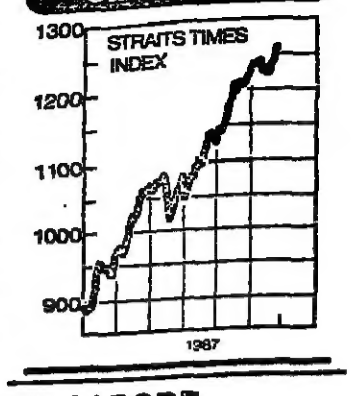
HONG KONG

A VOLATILE session fraught with corporate rumours closed with Hong Kong stocks higher in moderate trade. The Hang Seng index closed up 13.30 at 3,151.98.

Shares jumped in the morning after the suspension of trading in Evergo excited speculation that it was negotiating the possible sale of affiliate China Entertainment to Hongkong Hotels. The latter fell HK$1.50 to HK$67.50, China Entertainment added 15 cents to HK$1.72 and Evergo closed at 68 cents on Friday.

Banks featured strongly. Hang Seng, a recent laggard in the sector, caught up HK$1.25 to HK$40.75 and Bank of East Asia added 90 cents to HK$25.70. Hongkong Bank was steady at HK$9.10.

SINGAPORE



SINGAPORE

SELECTIVE BUYING of blue chips and strong interest in speculative issues continued to drive Singapore prices to record levels. The Straits Times industrial average closed up 4.93 at a further new peak of 1,265.70.

Banks did best among quality stocks. *ICB was 5 cents higher at* S$5.10, OCBC 15 up at S$9.45 and UOB 20 cents firmer at S$5.75.

Trade continued busy in smaller, speculative issues. Arab Malaysia Development added 3 cents in trade *of 3m shares.* Tan Chong, with 2.97m shares exchanged, also rose 3 cents to S$1.18.

Some blue chips faltered against the market trend. Singapore Airlines lost 10 cents to S$12.90 and Fraser and Neave 30 cents to $10.60. Commodities eased slightly.

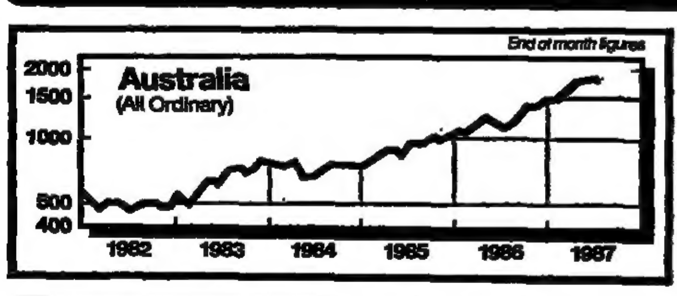
AUSTRALIA

ADVANCING gold and oil prices pulled Sydney shares broadly higher in their wake. The All Ordinaries index closed up 13.6 at 1,761.9.

The market absorbed news of market leader BHP's steeper than expected 17 per cent fall in earnings for fiscal ended May 31. The stock rallied from earlier losses to close 6 cents off at A$9.72.

Golds and base metal miners were all stronger. Western Mining added 32 cents to A$6.26 and CRA 26 cents to A$8.50.

KEY MARKET MONITORS



STOCK MARKET INDICES

	June 29	Prev	Year ago
NEW YORK			
DJ Industrials	2,446.91	2,436.86	1,885.26
DJ Transport	1,029.5	1,029.79	777.50
DJ Utilities	207.22	207.11	198.78
S&P Comp.	307.90	307.20	249.60
LONDON FT			
Ord	1,784.6	1,790.7	1,367.1
SE 100	2,289.3	2,291.3	1,639.10
A All-share	1,153.43	1,151.76	815.70
A 500	1,277.69	1,277.27	898.48
Gold mines	380.7	376.2	202.5
A Long gilt	9.21	9.13	7.91
World Act. Ind (June 26)	131.99	132.17	92.27
TOKYO			
Nikkei	24,509.41	25,049.63	17,500.4
Tokyo SE	2,076.91	2,130.64	1,350.14
AUSTRALIA			
All Ord.	1,761.9	1,748.3	1,183.6
Metals & Mins.	1,033.1	1,006.6	504.8
AUSTRIA			
Credit Aktien	–	182.26	241.17
BELGIAN SE	4,800.70	4,793.60	3,660.92
CANADA			
Toronto Met.& Mins.	2,763.3	2,780.7	2,099.0
Composite	3,733.5	3,727.2	3,070.2
Montreal Portfolio	1894.64	1,890.12	1,562.18
DENMARK SE			
SE	208.64	209.24	215.02
FRANCE			
CAC Gen	(u)	401.40	355.1
Ind. Tendance	101.70	100.80	93.10
WEST GERMANY			
FAZ-Aktien	624.68	625.01	645.34
Commerzbank	1,892.20	1,891.60	1,951.6
HONG KONG Hang Seng	3,151.98	3,138.69	1,750.98
ITALY Banca Comm.	695.18	702.08	695.40
NETHERLANDS ANP CBS			
Gen	306.60	305.60	281.5
Ind	262.50	263.00	287.0
NORWAY Oslo SE	429.57	431.46	359.30
SINGAPORE Straits Times	1,265.70	1,260.77	752.34
SOUTH AFRICA JSE			
Golds	–	2,092.0	1,288.3
Industrials	–	1,914.0	1,176.0
SPAIN Madrid SE	246.87	242.83	173.22
SWEDEN J & P	2,711.40	2,709.60	2,438.85
SWITZERLAND Swiss Bank Ind	612.70	612.0	582.7

COMMODITIES (London)

	June 29	Prev
Silver (spot fixing)	434.05p	421.3p
Copper (cash)	£989.00	£993.00
Coffee (September)	£1,275.00	£1,257.50
Oil (Brent Blend)	$19.20	$19.20

GOLD ($/oz)

	June 29	Prev
London	$449.85	$444.00
Zürich	$448.75	$443.75
Paris (fixing)	$444.76	$441.77
Luxembourg	$446.30	$441.25
New York (August)	$449.40	$450.10

CURRENCIES (London)

	US DOLLAR June 29	US DOLLAR Previous	STERLING June 29	STERLING Previous
$	–	–	1.6010	1.6110
DM	1.8305	1.8260	2.9305	2.9425
Yen	145.75	146.25	235	235.5
FFr	6.1075	6.0925	9.7775	9.815
SFr	1.5220	1.5145	2.4325	2.44
Fl	2.0610	2.0530	3.30	3.31
Lira	1,328	1,323	2,123	2,131
BFr	37.95	37.80	61.0	60.90
C$	1.3335	1.3325	2.1350	2.1465

INTEREST RATES

	June 29	Prev
Euro-currencies (3-month offered rate)		
£	9⅛	9⅛
SFr	3⅝	4 1/16
DM	3 13/16	3 15/16
FFr	8 5/16	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7⅛	7 3/16
6-month US$	7½	7⅜
US Fed Funds	6 11/16*	6⅝
US3-month CDs	6.85*	7.075
US3-month T-bills	5.76*	5.84

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 29 (Sept)	91-15	91-21	90-30	91-15
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.86	93.86	93.80	93.85
Certificates of Deposit (IMM) $1m points of 100%				
(June)	–	–	–	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.45	92.46	92.41	92.50
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	122-13	122-27	121-31	123-06

US BONDS

Treasury

	June 29 Price	June 29 Yield	Prev Price	Prev Yield
7⅜ 1989	99 27/32	7.495	100 3/32	7.49
7 1994	93 25/32	8.248	94 ¼	8.139
8½ 1997	100 17/32	8.37	101 11/32	8.29
8⅝ 2017	102 11/32	8.516	103 5/16	8.44

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (June 29)	Day's change	Yield	Day's change
1–30	163.17	+0.28	6.98	–0.03
1–10	154.63	+0.12	6.86	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.68	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	June 29 Price	June 29 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.22	6.40	93.07	6.35
SCBT South Central 10⅞ Jan 1993	102.50	10.26	102.75	10.22
Phibro Sal 8 April 1996	92.86	9.20	92.31	9.30
TRW 8⅜ March 1996	97.04	9.25	96.75	9.30
Arco 9⅞ March 2016	102.15	9.25	103.14	9.55
General Motors 8⅜ April 2016	85.65	9.80	86.08	9.55
Citicorp 9⅜ March 2016	92.35	10.20	92.35	10.20

Source: Salomon Brothers

* Latest available figures

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